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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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

For the quarterly period ended September 30, 2013

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-32559

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**MEDICAL PROPERTIES TRUST, INC.  
MPT OPERATING PARTNERSHIP, L.P.**

(Exact Name of Registrant as Specified in Its Charter)

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MARYLAND  
DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

20-0191742  
20-0242069  
(I. R. S. Employer  
Identification No.)

1000 URBAN CENTER DRIVE, SUITE 501  
BIRMINGHAM, AL  
(Address of principal executive offices)

35242  
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (205) 969-3755

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/> (Medical Properties Trust, Inc. only)	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (MPT Operating Partnership, L.P. only) (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 6, 2013, Medical Properties Trust, Inc. had 161,571,911 shares of common stock, par value \$0.001, outstanding.

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**EXPLANATORY NOTE**

This report combines the Quarterly Reports on Form 10-Q for the three and nine months ended September 30, 2013 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.

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**MEDICAL PROPERTIES TRUST, INC. AND MPT OPERATING PARTNERSHIP, L.P.  
AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED September 30, 2013**

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements.

## MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)	September 30, 2013 (Unaudited)	December 31, 2012 (Note 2)
<b>Assets</b>		
Real estate assets		
Land, buildings and improvements, and intangible lease assets	\$ 1,606,432	\$ 1,262,099
Real estate held for sale	—	16,497
Mortgage loans	368,650	368,650
Net investment in direct financing leases	403,512	314,412
Gross investment in real estate assets	2,378,594	1,961,658
Accumulated depreciation and amortization	(150,666)	(124,615)
Net investment in real estate assets	2,227,928	1,837,043
Cash and cash equivalents	12,124	37,311
Interest and rent receivable	54,505	45,289
Straight-line rent receivable	44,240	35,860
Other loans	161,245	159,243
Other assets	63,108	64,140
<b>Total Assets</b>	<b>\$ 2,563,150</b>	<b>\$ 2,178,886</b>
<b>Liabilities and Equity</b>		
Liabilities		
Debt, net	\$ 1,086,973	\$ 1,025,160
Accounts payable and accrued expenses	73,852	65,961
Deferred revenue	23,229	20,609
Lease deposits and other obligations to tenants	20,527	17,342
Total liabilities	1,204,581	1,129,072
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 — 160,880 shares at September 30, 2013 and 136,335 shares at December 31, 2012	160	136
Additional paid in capital	1,615,230	1,295,916
Distributions in excess of net income	(246,865)	(233,494)
Accumulated other comprehensive loss	(9,694)	(12,482)
Treasury shares, at cost	(262)	(262)
Total Equity	1,358,569	1,049,814
<b>Total Liabilities and Equity</b>	<b>\$ 2,563,150</b>	<b>\$ 2,178,886</b>

See accompanying notes to condensed consolidated financial statements.

**MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES**

 Condensed Consolidated Statements of Income  
 (Unaudited)

(In thousands, except per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>Revenues</b>				
Rent billed	\$ 31,878	\$ 30,298	\$ 95,074	\$ 90,680
Straight-line rent	2,853	2,745	8,260	5,429
Income from direct financing leases	11,298	5,773	29,284	12,979
Interest and fee income	14,427	14,037	43,282	33,486
Total revenues	60,456	52,853	175,900	142,574
<b>Expenses</b>				
Real estate depreciation and amortization	8,789	8,308	26,051	24,826
Property-related	458	214	1,520	1,027
General and administrative	6,380	7,052	21,423	21,341
Acquisition expenses	4,179	410	6,457	4,115
Total operating expenses	19,806	15,984	55,451	51,309
Operating income	40,650	36,869	120,449	91,265
<b>Other income (expense)</b>				
Other income (expense)	3	(23)	(245)	(55)
Earnings from equity and other interests	843	1,065	2,511	1,944
Interest expense	(15,830)	(15,046)	(45,896)	(42,730)
Net other expense	(14,984)	(14,004)	(43,630)	(40,841)
<b>Income from continuing operations</b>	25,666	22,865	76,819	50,424
Income from discontinued operations	37	8,643	2,498	11,050
Net income	25,703	31,508	79,317	61,474
Net income attributable to non-controlling interests	(55)	(44)	(165)	(130)
<b>Net income attributable to MPT common stockholders</b>	<b>\$ 25,648</b>	<b>\$ 31,464</b>	<b>\$ 79,152</b>	<b>\$ 61,344</b>
<b>Earnings per common share — basic</b>				
Income from continuing operations attributable to MPT common stockholders	\$ 0.16	\$ 0.17	\$ 0.51	\$ 0.38
Income from discontinued operations attributable to MPT common stockholders	—	0.06	0.02	0.08
Net income attributable to MPT common stockholders	\$ 0.16	\$ 0.23	\$ 0.53	\$ 0.46
<b>Earnings per common share — diluted</b>				
Income from continuing operations attributable to MPT common stockholders	\$ 0.16	\$ 0.17	\$ 0.51	\$ 0.38
Income from discontinued operations attributable to MPT common stockholders	—	0.06	0.02	0.08
Net income attributable to MPT common stockholders	\$ 0.16	\$ 0.23	\$ 0.53	\$ 0.46
Weighted average shares outstanding:				
Basic	154,758	134,781	148,204	131,467
Diluted	155,969	134,782	149,517	131,467
Dividends declared per common share	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.60

See accompanying notes to condensed consolidated financial statements.

**MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES**Condensed Consolidated Statements of Comprehensive Income (Loss)  
(Unaudited)

(In thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	\$25,703	\$31,508	\$79,317	\$61,474
Other comprehensive income (loss):				
Unrealized gain (loss) on interest rate swap	182	(443)	2,788	(989)
Total comprehensive income (loss)	25,885	31,065	82,105	60,485
Comprehensive income attributable to non-controlling interests	(55)	(44)	(165)	(130)
Comprehensive income (loss) attributable to MPT common stockholders	<u>\$25,830</u>	<u>\$31,021</u>	<u>\$81,940</u>	<u>\$60,355</u>

See accompanying notes to condensed consolidated financial statements.

**MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES**Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>(In thousands)</b>		
<b>Operating activities</b>		
Net income	\$ 79,317	\$ 61,474
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	27,000	26,899
Straight-line rent revenue	(8,260)	(4,100)
Direct financing lease interest accretion	(4,106)	(2,050)
Share-based compensation	6,019	5,430
Gain on sale of real estate	(2,054)	(7,278)
Amortization and write-off of deferred financing costs and debt discount	2,624	2,577
Other adjustments	4,156	(3,415)
Changes in:		
Interest and rent receivable	(9,216)	(12,232)
Accounts payable and accrued expenses	6,084	7,404
Net cash provided by operating activities	101,564	74,709
<b>Investing activities</b>		
Cash paid for acquisitions and other related investments	(371,500)	(606,500)
Principal received on loans receivable	4,694	9,507
Net proceeds from sale of real estate	18,409	34,100
Investment in loans receivable	(1,445)	(1,293)
Construction in progress and other	(63,422)	(35,920)
Net cash used for investing activities	(413,264)	(600,106)
<b>Financing activities</b>		
Revolving credit facilities, net	(80,000)	35,400
Additions to term debt	153,000	300,000
Payments of term debt	(11,185)	(171)
Distributions paid	(87,928)	(76,770)
Proceeds from sale of common shares, net of offering costs	313,319	220,107
Lease deposits and other obligations to tenants	3,589	(13,391)
Debt issuance costs paid and other financing activities	(4,282)	(6,341)
Net cash provided by financing activities	286,513	458,834
Decrease in cash and cash equivalents for period	(25,187)	(66,563)
Cash and cash equivalents at beginning of period	37,311	102,726
<b>Cash and cash equivalents at end of period</b>	<b>\$ 12,124</b>	<b>\$ 36,163</b>
Interest paid	\$ 38,997	\$ 31,350
Supplemental schedule of non-cash investing activities:		
Loan conversion to equity interest	\$ —	\$ 1,648
Supplemental schedule of non-cash financing activities:		
Distributions declared, unpaid	\$ 32,381	\$ 27,181

See accompanying notes to condensed consolidated financial statements.

**MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES**

## Condensed Consolidated Balance Sheets

(In thousands)	September 30, 2013 (Unaudited)	December 31, 2012 (Note 2)
<b>Assets</b>		
Real estate assets		
Land, buildings and improvements, and intangible lease assets	\$ 1,606,432	\$ 1,262,099
Real estate held for sale	—	16,497
Mortgage loans	368,650	368,650
Net investment in direct financing leases	403,512	314,412
Gross investment in real estate assets	2,378,594	1,961,658
Accumulated depreciation and amortization	(150,666)	(124,615)
Net investment in real estate assets	2,227,928	1,837,043
Cash and cash equivalents	12,124	37,311
Interest and rent receivable	54,505	45,289
Straight-line rent receivable	44,240	35,860
Other loans	161,245	159,243
Other assets	63,108	64,140
<b>Total Assets</b>	<b>\$ 2,563,150</b>	<b>\$ 2,178,886</b>
<b>Liabilities and Capital</b>		
Liabilities		
Debt, net	\$ 1,086,973	\$ 1,025,160
Accounts payable and accrued expenses	41,409	38,177
Deferred revenue	23,229	20,609
Lease deposits and other obligations to tenants	20,527	17,342
Payable due to Medical Properties Trust, Inc.	32,053	27,394
Total liabilities	1,204,191	1,128,682
Capital		
General Partner — issued and outstanding — 1,603 units at September 30, 2013 and 1,357 units at December 31, 2012	13,692	10,630
Limited Partners:		
Common units — issued and outstanding — 159,277 units at September 30, 2013 and 134,978 units at December 31, 2012	1,354,961	1,052,056
LTIP units — issued and outstanding — 221 units at September 30, 2013 and December 31, 2012	—	—
Accumulated other comprehensive loss	(9,694)	(12,482)
Total capital	1,358,959	1,050,204
<b>Total Liabilities and Capital</b>	<b>\$ 2,563,150</b>	<b>\$ 2,178,886</b>

See accompanying notes to condensed consolidated financial statements.



**MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES**

 Condensed Consolidated Statements of Income  
 (Unaudited)

(In thousands, except per unit amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>Revenues</b>				
Rent billed	\$ 31,878	\$ 30,298	\$ 95,074	\$ 90,680
Straight-line rent	2,853	2,745	8,260	5,429
Income from direct financing leases	11,298	5,773	29,284	12,979
Interest and fee income	14,427	14,037	43,282	33,486
Total revenues	60,456	52,853	175,900	142,574
<b>Expenses</b>				
Real estate depreciation and amortization	8,789	8,308	26,051	24,826
Property-related	458	214	1,520	1,027
General and administrative	6,380	7,052	21,423	21,341
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Total operating expenses	19,806	15,984	55,451	51,309
Operating income	40,650	36,869	120,449	91,265
<b>Other income (expense)</b>				
Interest and other income (expense)	3	(23)	(245)	(55)
Earnings from equity and other interests	843	1,065	2,511	1,944
Interest expense	(15,830)	(15,046)	(45,896)	(42,730)
Net other expense	(14,984)	(14,004)	(43,630)	(40,841)
<b>Income from continuing operations</b>				
Income from discontinued operations	37	8,643	2,498	11,050
Net income	25,703	31,508	79,317	61,474
Net income attributable to non-controlling interests	(55)	(44)	(165)	(130)
<b>Net income attributable to MPT Operating Partnership partners</b>	<b>\$ 25,648</b>	<b>\$ 31,464</b>	<b>\$ 79,152</b>	<b>\$ 61,344</b>
<b>Earnings per units — basic</b>				
Income from continuing operations attributable to MPT Operating Partnership partners	\$ 0.16	\$ 0.17	\$ 0.51	\$ 0.38
Income from discontinued operations attributable to MPT Operating Partnership partners	—	0.06	0.02	0.08
Net income attributable to MPT Operating Partnership partners	\$ 0.16	\$ 0.23	\$ 0.53	\$ 0.46
<b>Earnings per units — diluted</b>				
Income from continuing operations attributable to MPT Operating Partnership partners	\$ 0.16	\$ 0.17	\$ 0.51	\$ 0.38
Income from discontinued operations attributable to MPT Operating Partnership partners	—	0.06	0.02	0.08
Net income attributable to MPT Operating Partnership partners	\$ 0.16	\$ 0.23	\$ 0.53	\$ 0.46
Weighted average units outstanding:				
Basic	154,758	134,781	148,204	131,467
Diluted	155,969	134,782	149,517	131,467
Dividends declared per unit	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.60

See accompanying notes to condensed consolidated financial statements.

**MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES**Condensed Consolidated Statements of Comprehensive Income (Loss)  
(Unaudited)

(In thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	\$25,703	\$31,508	\$79,317	\$61,474
Other comprehensive income (loss):				
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See accompanying notes to condensed consolidated financial statements.

**MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES**Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>(In thousands)</b>		
<b>Operating activities</b>		
Net income	\$ 79,317	\$ 61,474
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	27,000	26,899
Straight-line rent revenue	(8,260)	(4,100)
Direct financing lease interest accretion	(4,106)	(2,050)
Share-based compensation	6,019	5,430
Gain on sale of real estate	(2,054)	(7,278)
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Other adjustments	4,156	(3,415)
Changes in:		
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<b>Investing activities</b>		
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Investment in loans receivable	(1,445)	(1,293)
Construction in progress and other	(63,422)	(35,920)
Net cash used for investing activities	(413,264)	(600,106)
<b>Financing activities</b>		
Revolving credit facilities, net	(80,000)	35,400
Additions to term debt	153,000	300,000
Payments of term debt	(11,185)	(171)
Distributions paid	(87,928)	(76,770)
Proceeds from sale of units, net of offering costs	313,319	220,107
Lease deposits and other obligations to tenants	3,589	(13,391)
Debt issuance costs paid and other financing activities	(4,282)	(6,341)
Net cash provided by financing activities	286,513	458,834
Increase in cash and cash equivalents for period	(25,187)	(66,563)
Cash and cash equivalents at beginning of period	37,311	102,726
<b>Cash and cash equivalents at end of period</b>	<b>\$ 12,124</b>	<b>\$ 36,163</b>
Interest paid	\$ 38,997	\$ 31,350
Supplemental schedule of non-cash investing activities:		
Loan conversion to equity interest	\$ —	\$ 1,648
Supplemental schedule of non-cash financing activities:		
Distributions declared, unpaid	\$ 32,381	\$ 27,181

See accompanying notes to condensed consolidated financial statements.

**MEDICAL PROPERTIES TRUST, INC., AND MPT OPERATING PARTNERSHIP, L.P.  
AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)

## 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 commercial 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 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. Certain activities we undertake must be conducted by entities which we elected to be treated as taxable REIT subsidiaries ("TRSs"). Our TRSs are subject to both U.S. federal and state income taxes.

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 currently located in the United States; however, we have committed to acquire the RHM Portfolio (as more fully described in Note 10) which will represent our first acquisition (if consummated) outside of the United States.

## 2. Summary of Significant Accounting Policies

*Unaudited Interim Condensed Consolidated Financial Statements:* The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information, including rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2013, are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. The condensed consolidated balance sheet at December 31, 2012 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

For information about significant accounting policies, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2012. During the nine months ended September 30, 2013, there were no material changes to these policies.

*Reclassifications:* Certain reclassifications have been made to the condensed consolidated financial statements to conform to the 2013 consolidated financial statement presentation. These reclassifications had no impact on stockholders' equity or net income.

### Variable Interest Entities

At September 30, 2013, we had loans to and/or equity investments in several variable interest entities ("VIEs") for which we are not the primary beneficiary. 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 September 30, 2013 (in thousands):

<u>VIE Type</u>	<u>Maximum Loss Exposure(1)</u>	<u>Asset Type Classification</u>	<u>Carrying Amount(2)</u>
Loans, net	\$ 283,157	Mortgage and other loans	\$229,646
Equity investments	\$ 19,519	Other assets	\$ 5,079

- (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 rent receivables), less any liabilities. Our maximum loss exposure related to our equity investment in VIEs represents 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.

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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 borrower or investee) that most significantly impact the VIE's economic performance. As of September 30, 2013, 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.

### **3. Real Estate and Lending Activities**

#### *Acquisitions*

##### 2013 Activity

On September 26, 2013, we acquired three general acute care hospitals from affiliates of IASIS Healthcare LLC ("IASIS") for a combined purchase price of \$283.3 million (including a commitment to provide approximately \$2.0 million for improvements to a fourth hospital that we already own). Each of the facilities will be 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 will also 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 have 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) for \$15.8 million (including a \$0.5 million commitment to acquire adjacent land) and leased the facility to an affiliate of Ernest Health Inc. ("Ernest") under the master lease agreement entered into with Ernest 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.

On June 11, 2013, we acquired the real estate of two acute care hospitals in Kansas from affiliates of Prime Healthcare Services, Inc. ("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 direct financing lease ("DFL").

##### 2012 Activity

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.

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 the master lease agreements.

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, subject to certain adjustments. 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 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.

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As part of these acquisitions, we purchased and invested in the following: (in thousands)

	<u>2013</u>	<u>2012</u>
Land	\$ 16,220	\$ —
Building	265,030	—
Net investments in direct financing leases	85,000	310,000
Mortgage loans	—	200,000
Other loans	5,250	93,200
Equity investments	—	3,300
<b>Total</b>	<b><u>\$371,500</u></b>	<b><u>\$606,500</u></b>

From the respective acquisition dates, the properties and mortgage loans acquired in 2013 contributed \$2.9 million and \$3.3 million of revenue and income (excluding related acquisition expenses), respectively, for the three and nine month periods ended September 30, 2013, respectively. In addition, we incurred \$1.6 million and \$1.6 million of acquisition related costs on the 2013 acquisitions for the three and nine months ended September 30, 2013.

The purchase price allocation attributable to the IASIS facilities is preliminary as we are waiting on additional information to perform our final analysis. When all relevant information is obtained, resulting in 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 date that, if known, would have affected the measurement of the amounts recognized as of that date.

The results of operations for each of the properties acquired are included in our consolidated results from the effective date of each acquisition. The following table sets forth certain unaudited pro forma consolidated financial data for 2012, as if each acquisition in 2013 and 2012 were consummated on the same terms at the beginning of 2012 and 2011, respectively. Supplemental pro forma earnings were adjusted to exclude acquisition-related costs on consummated deals incurred in the three and nine months ended September 30, 2012 (\$ amounts in thousands, except per share/unit data).

	<u>For the Three Months Ended</u> <u>September 30,</u>		<u>For the Nine Months Ended</u> <u>September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total revenues	\$ 65,518	\$ 63,695	\$ 196,708	\$ 188,339
Net income	29,366	37,091	89,570	92,620
Net income per share/unit — diluted	\$ 0.18	\$ 0.25	\$ 0.55	\$ 0.63

### *Development Activities*

On June 11, 2013, we entered into a master funding and development agreement with First Choice ER, LLC (“First Choice”) to develop up to 25 freestanding emergency room facilities for a maximum aggregate funding of \$100 million. During the third quarter of 2013, we began construction on two of these emergency room facilities in Dallas, Texas and Austin, Texas for a total development price of \$5.2 million and \$5.5 million, respectively. One of the facilities is expected to be completed in the fourth quarter of 2013, while the other in the first quarter of 2014. We have funded \$4.3 million through the end of the 2013 third quarter.

On May 20, 2013, we entered into an agreement to finance the development of and lease an inpatient rehabilitation facility in South Ogden, Utah for \$19.2 million, which will be leased to Ernest under the 2012 master lease. The facility is expected to be completed in the 2014 third quarter. We have funded \$7.4 million through the end of the 2013 third quarter.

On March 4, 2013, we entered into an agreement to finance the development of and lease an inpatient rehabilitation facility in Post Falls, Idaho for \$14.4 million, which will be leased to Ernest under the 2012 master lease. The facility is expected to be completed in the fourth quarter of 2013. We have funded \$10.4 million through the end of the 2013 third quarter.

In regards to our Twelve Oaks facility, approximately 55% of this facility became occupied as of January 23, 2013, pursuant to a 15 year lease.

On December 20, 2012, we entered into an agreement to finance the development of and lease an acute care facility in Altoona, Wisconsin for \$33.5 million, which will be leased to an affiliate of National Surgical Hospitals. The facility is expected to be completed in the fourth quarter of 2014. We have funded \$11.1 million through the end of the 2013 third quarter.

On October 1, 2012, we agreed to fund the construction of an inpatient rehabilitation hospital in Spartanburg, South Carolina that will be operated by Ernest. The facility opened in the third quarter of 2013, and the cost of the land and building for this facility approximates \$15 million. The initial lease term for this property is approximately 20 years.

On June 13, 2012, we entered into an agreement with Ernest to fund the development of and lease a 40-bed rehabilitation hospital in Lafayette, Indiana. The facility opened in the first quarter of 2013, and the cost of the land and building for this facility approximates \$15 million. The initial lease term for this property is approximately 20 years.

On May 4, 2012, we agreed to develop and lease a 26-bed facility next to our current facility in Victoria, Texas. Total development cost of the new facility is estimated to be \$9.4 million, and it is expected to be completed in fourth quarter of 2013. We have funded \$8.4 million through the end of the 2013 third quarter.

On October 14, 2011, we entered into agreements with a joint venture of Emerus Holding, Inc. and Vanguard Health System, a subsidiary of Baptist Health System, to acquire, provide for development funding and lease three emergency care focused acute care hospitals for \$30.0 million in the suburban markets of San Antonio, Texas. The three facilities are subject to a master lease structure with an initial term of 15 years and three five-year extension options. Rent escalates annually based on consumer priced indexed increases and to be not less than one percent or greater than three percent. One of these properties was completed in the fourth quarter of 2012 with the remaining two being completed in the first quarter of 2013.

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

<u>Property</u>	<u>Location</u>	<u>Property Type</u>	<u>Operator</u>	<u>Original Commitment</u>	<u>Costs Incurred as of September 30, 2013</u>	<u>Estimated Completion Date</u>
Victoria Rehabilitation Hospital	Victoria, TX	Long-term Acute Care Hospital	Post Acute Medical	\$ 9,400	\$ 8,391	4th Qtr 2013
First Choice ER — Brodie	Austin, TX	General Acute Care Hospital	First Choice	5,470	1,509	1st Qtr 2014
First Choice ER — Little Elm	Dallas, TX	General Acute Care Hospital	First Choice	5,200	2,792	4th Qtr 2013
Rehabilitation Hospital of the Northwest	Post Falls, ID	Rehabilitation Hospital	Ernest Health, Inc.	14,387	10,389	4th Qtr 2013
Oakleaf Surgical Hospital	Altoona, WI	General Acute Care Hospital	National Surgical Hospitals	33,500	11,146	3rd Qtr 2014
Northern Utah Rehabilitation Hospital	South Ogden, UT	Rehabilitation Hospital	Ernest Health, Inc.	19,153	7,406	3rd Qtr 2014
First Choice Emergency Rooms	Various	General Acute Care Hospital	First Choice	89,330	—	Various
				<u>\$ 176,440</u>	<u>\$ 41,633</u>	



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### *Disposals*

In April 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.

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.

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

On September 28, 2012, we sold our Thornton facility for \$17.4 million, resulting in a gain of \$8.4 million.

### *Leasing Operations*

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 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.

All of our leases are accounted for as operating leases except for the master lease of 13 Ernest facilities and four other facilities which are accounted for as DFLs. The components of our net investment in DFL consisted of the following (dollars in thousands):

	<u>As of September 30, 2013</u>	<u>As of December 31, 2012</u>
Minimum lease payments receivable	\$ 1,566,155	\$ 1,277,923
Estimated residual values	211,283	201,283
Less: Unearned income	<u>(1,373,926)</u>	<u>(1,164,794)</u>
Net investment in direct financing leases	<u>\$ 403,512</u>	<u>\$ 314,412</u>

### Monroe facility

As of September 30, 2013, we have advanced \$29.9 million to the operator/lessee of Monroe Hospital in Bloomington, Indiana, pursuant to a working capital loan agreement and also have \$21.0 million of rent, interest and other charges owed to us by the operator, of which \$6.0 million of interest receivables are significantly more than 90 days past due. Because the operator has not made all payments required by the working capital loan agreement and the related real estate lease agreement, we consider the loan to be impaired. During 2010, we recorded a \$12 million impairment charge on the working capital loan and recorded a valuation allowance for unbilled straight-line rent in the amount of \$2.5 million. We have not recognized any interest income on the Monroe loan since it was considered impaired, have not recorded any unbilled (straight-line) rent since 2010, and stopped recording current rent on April 1, 2013 until we begin receiving cash payments.

At September 30, 2013, our net investment (exclusive of the related real estate) of approximately \$39 million is our maximum exposure to Monroe and the amount is presently deemed collectible/recoverable. In making this determination, we considered our first priority secured interest in (i) approximately \$4 million in hospital patient receivables, (ii) cash balances of \$0.1 million, (iii) our assessment of the realizable value of our other collateral and (iv) projected EBITDA of the hospital operations that we have modeled under various scenarios for sensitivity purposes. Although we believe our net investment in Monroe at September 30, 2013, is recoverable, no assurances can be made that we will not have additional impairment charges on our working capital loan or other receivables in the future.

### Florence facility

On March 1, 2012, we received a certificate of occupancy for our approximate \$30 million Florence acute care facility constructed near Phoenix, Arizona. With this, we started collecting and recognizing rent on this facility in March 2012. On March 6, 2013, the tenant of this facility filed for Chapter 11 bankruptcy. Florence is current on rent, and at September 30, 2013, we had less than \$0.5 million of receivables outstanding. In addition, we have a letter of credit for approximately \$1.2 million to cover any rent and other monetary payments not paid in the future. Although no assurances can be made that we will not have any impairment charges in the future, we believe our investment in Florence at September 30, 2013, is fully recoverable.

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### Loans

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

	As of September 30, 2013	As of December 31, 2012
Mortgage loans	\$ 368,650	\$ 368,650
Acquisition loans	103,516	98,433
Working capital and other loans	54,377	57,458
Convertible loan	3,352	3,352
	<u>\$ 529,895</u>	<u>\$ 527,893</u>

Our mortgage loans cover 9 of our properties with three operators.

On March 1, 2012, pursuant to our convertible note agreement, we converted \$1.7 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 September 30, 2013, \$3.3 million remains outstanding on the convertible note, and we retain the option, through November 2014, to convert this remainder into 15.1% of equity interest in the operator.

### Concentrations of Credit Risk

For the three months ended September 30, 2013 and 2012, revenue from affiliates of Ernest (including rent and interest from mortgage and acquisition loans) accounted for 20.7% and 21.1%, respectively, of total revenue. For the nine months ended September 30, 2013 and 2012, revenue from affiliates of Ernest (including rent and interest from mortgage and acquisition loans) accounted for 20.5% and 18.4%, respectively, of total revenue. From an investment concentration perspective, Ernest represented 17.4% and 18.2% of our total assets at September 30, 2013 and December 31, 2012, respectively.

For the three months ended September 30, 2013 and 2012, revenue from affiliates of Prime (including rent and interest from mortgage loans) accounted for 33.7% and 28.7%, respectively, of total revenue. For the nine months ended September 30, 2013 and 2012, revenue from affiliates of Prime (including rent and interest from mortgage loans) accounted for 32.4% and 26.0%, respectively, of total revenue. From an investment concentration perspective, Prime represented 26.7% and 27.9% of our total assets at September 30, 2013 and December 31, 2012, respectively.

On an individual property basis, we had no investment of any single property greater than 5% of our total assets as of September 30, 2013.

From a geographic perspective, all of our properties are currently located in the United States with 24.5% and 20.4% of our total assets at September 30, 2013, located in Texas and California, respectively.

## 4. Debt

The following is a summary of debt, net of discounts (dollar amounts in thousands):

	As of September 30, 2013		As of December 31, 2012	
	Balance	Interest Rate	Balance	Interest Rate
Revolving credit facility	\$ 45,000	Variable	\$ 125,000	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%	200,000	6.375%
Unamortized premium	2,960		—	—
	<u>352,960</u>		<u>200,000</u>	
Exchangeable senior notes:				
Principal amount (A)	—	N/A	11,000	9.250%
Unamortized discount	—		(37)	
	<u>—</u>		<u>10,963</u>	
Term loans	<u>114,013</u>	Various	<u>114,197</u>	Various
	<u>\$1,086,973</u>		<u>\$1,025,160</u>	

As of September 30, 2013, principal payments due for our debt (which exclude the effects of any discounts or premiums recorded) are as follows (in thousands):

2013	\$ 64
2014	266
2015	45,283
2016	225,299
2017	320
Thereafter	<u>812,781</u>
Total	<u>\$1,084,013</u>

(A) The exchangeable senior notes were paid in full on April 1, 2013.

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To help fund acquisitions described in Note 3, on February 17, 2012 and August 20, 2013, we issued \$200.0 million (resulting in net proceeds of \$196.5 million, after underwriting discount) and \$150.0 million (resulting in net proceeds of \$150.3 million, after underwriting discount), respectively, aggregate principal amount of our 6.375% senior notes due 2022. The 2013 issuance, which was a tack on to the 2012 offering, was issued at a price of 102%, which represents a yield to the par redemption date of February 15, 2020 of 5.998%.

In addition, on March 9, 2012, we closed on a \$100 million senior unsecured term loan facility (“2012 Term Loan”) and exercised the \$70 million accordion feature on our revolving credit facility, increasing its capacity from \$330 million to \$400 million.

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 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 our 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%. The fair value of the interest rate swaps was \$9.7 million and \$12.5 million as of September 30, 2013 and December 31, 2012, respectively, which is reflected in accounts payable and accrued expenses on the consolidated balance sheets.

We designated 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 effect earnings, while any ineffective portion is recorded through earnings immediately. We did not have any hedge ineffectiveness in the periods; therefore, there was no income statement effect recorded during the three and nine month periods ended September 30, 2013 or 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 September 30, 2013 and December 31, 2012, we had \$4.7 million and \$6.6 million, respectively, posted as collateral, which is currently reflected in other assets on our consolidated balance sheets.

### *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 2012 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. The dividend restriction is currently 95% of normalized adjusted FFO. The indentures governing our 2011 and 2012 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 2011 and 2012 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 2012 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 September 30, 2013, we were in compliance with all such financial and operating covenants.

## **5. Common Stock/Partners' Capital**

### *Medical Properties Trust, Inc.*

On August 20, 2013, we completed an offering of 11,500,000 shares of common stock (including 1,500,000 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. These proceeds were used to fund the acquisition of the three IASIS properties more fully described in Note 3.

On February 28, 2013, we completed an offering of 12,650,000 shares of our common stock (including 1,650,000 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. A portion of the net proceeds from this offering were used to pay down our revolving credit facility.

To help fund the 2012 acquisitions disclosed in Note 3, on February 7, 2012, we completed an offering of 23,575,000 shares of our common stock (including 3,075,000 shares sold pursuant to the exercise in full of the underwriters' overallotment option) at a price of \$9.75 per share, resulting in net proceeds (after underwriting discount) of \$220.1 million.

### *MPT Operating Partnership, L.P.*

At September 30, 2013, the Company has a 99.8% ownership interest in Operating Partnership with the remainder owned by three other partners, two of which are employees and one of which is a director. During the nine months ended September 30, 2013 and 2012, the partnership issued 24,150,000 and 23,575,000 units, respectively, in direct response to the common stock offerings by Medical Properties Trust, Inc.

## 6. Stock Awards

We adopted the 2013 Equity Incentive Plan (the “Equity Incentive Plan”) during the second quarter of 2013, which 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. The Equity Incentive Plan replaced the 2004 Equity Incentive Plan (“2004 Plan”). The Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. We have reserved 7,395,132 shares of common stock for awards under the Equity Incentive Plan (including 495,132 remaining shares under the 2004 Plan that were transferred to the Equity Incentive Plan) for which 7,395,132 shares remain available for future stock awards as of September 30, 2013. For each share of common stock issued by Medical Properties Trust, Inc. pursuant to the Equity Incentive Plan, the Operating Partnership issues a corresponding number of operating partnership units. We awarded the following stock awards during the 2013 and 2012 first quarters:

*Time-based awards*—We granted 240,425 and 275,464 shares in 2013 and 2012, respectively, of time-based restricted stock to management and independent directors. These awards vest quarterly based on service, over three years, in equal amounts.

*Performance-based awards*—Our management team and certain employees (2012 only) were awarded 204,255 and 252,566 performance based awards in 2013 and 2012, respectively. These awards vest ratably over a three year period based on the achievement of certain total shareholder return measures, with a carry-back and carry-forward provision through December 31, 2016 (for the 2012 awards) and December 31, 2017 (for the 2013 awards). Dividends on these awards are paid only upon achievement of the performance measures.

*Multi-year Performance-based awards*—We awarded 550,000 and 649,793 shares in 2013 and 2012, respectively, of multi-year performance-based awards to management and certain employees (2012 only). These shares are subject to three-year cumulative performance hurdles based on measures of total shareholder return. At the end of the three-year performance period, any earned shares will be subject to an additional two years of ratable time-based vesting on an annual basis. Dividends are paid on these shares only upon achievement of the performance measures.

## 7. 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 for which we use Level 3 inputs) such as 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 exchangeable notes and 2011 and 2012 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)	September 30, 2013		December 31, 2012	
	Book Value	Fair Value	Book Value	Fair Value
Interest and rent receivables	\$ 54,505	\$ 43,723	\$ 45,289	\$ 36,700
Loans (1)	331,612	329,367	334,693	335,595
Debt, net	(1,086,973)	(1,116,389)	(1,025,160)	(1,082,333)

(1) Excludes loans related to the 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 3, 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 2013.

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At September 30, 2013, these amounts were as follows (in thousands):

<u>Asset Type</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Asset Type Classification</u>
Mortgage loans	\$100,000	\$100,000	Mortgage loans
Acquisition loan	98,283	98,283	Other loans
Equity investments	3,300	3,300	Other assets
	<u>\$201,583</u>	<u>\$201,583</u>	

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 loan 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 September 30, 2013.

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):

<u>Basis Point Change in Marketability Discount</u>	<u>Estimated Increase (Decrease) In Fair Value</u>
+100 basis points	\$ (300)
- 100 basis points	300

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

## 8. Discontinued Operations

Including those properties discussed in Note 3 under the heading "Disposals", we sold two properties during the nine month period ending September 30, 2013 and five properties during 2012. We have classified current and prior year activity related to these transactions, along with the related operating results of the facilities prior to these transactions taking place, as discontinued operations. In addition, we have reclassified the related real estate assets to Real Estate Held for Sale in all prior periods.

The following table presents the results of discontinued operations, for the three and nine months ended September 30, 2013 and 2012 (dollar amounts in thousands except per share/unit amounts):

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues	\$ 37	\$ 460	\$ 568	\$ 5,919
Gain (loss) on sale	—	8,726	2,054	7,280
Income	37	8,643	2,498	11,050
Earnings per share/unit — diluted	\$ —	\$ 0.06	\$ 0.02	\$ 0.08

[Table of Contents](#)**9. Earnings Per Share/Common Unit***Medical Properties Trust, Inc.*

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

	<b>For the Three Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Numerator:</b>		
Income from continuing operations	\$ 25,666	\$ 22,865
Non-controlling interests' share in continuing operations	(55)	(44)
Participating securities' share in earnings	<u>(166)</u>	<u>(225)</u>
Income from continuing operations, less participating securities' share in earnings	25,445	22,596
Income from discontinued operations attributable to MPT common stockholders	<u>37</u>	<u>8,643</u>
Net income, less participating securities' share in earnings	<u>\$ 25,482</u>	<u>\$ 31,239</u>
<b>Denominator:</b>		
Basic weighted-average common shares	154,758	134,781
Dilutive potential common shares	<u>1,211</u>	<u>1</u>
Dilutive weighted-average common shares	<u>155,969</u>	<u>134,782</u>
<b>For the Nine Months Ended September 30,</b>		
<b>Numerator:</b>		
Income from continuing operations	\$ 76,819	\$ 50,424
Non-controlling interests' share in continuing operations	(165)	(130)
Participating securities' share in earnings	<u>(538)</u>	<u>(715)</u>
Income from continuing operations, less participating securities' share in earnings	76,116	49,579
Income from discontinued operations attributable to MPT common stockholders	<u>2,498</u>	<u>11,050</u>
Net income, less participating securities' share in earnings	<u>\$ 78,614</u>	<u>\$ 60,629</u>
<b>Denominator:</b>		
Basic weighted-average common shares	148,204	131,467
Dilutive potential common shares	<u>1,313</u>	<u>—</u>
Dilutive weighted-average common shares	<u>149,517</u>	<u>131,467</u>

*MPT Operating Partnership, L.P.*

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

	<b>For the Three Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Numerator:</b>		
Income from continuing operations	\$ 25,666	\$ 22,865
Non-controlling interests' share in continuing operations	(55)	(44)
Participating securities' share in earnings	<u>(166)</u>	<u>(225)</u>
Income from continuing operations, less participating securities' share in earnings	25,445	22,596
Income from discontinued operations attributable to MPT Operating Partnership partners	<u>37</u>	<u>8,643</u>
Net income, less participating securities' share in earnings	<u>\$ 25,482</u>	<u>\$ 31,239</u>
<b>Denominator:</b>		
Basic weighted-average units	154,758	134,781
Dilutive potential units	<u>1,211</u>	<u>1</u>
Dilutive weighted-average units	<u>155,969</u>	<u>134,782</u>
<b>For the Nine Months Ended September 30,</b>		
<b>Numerator:</b>		
Income from continuing operations	\$ 76,819	\$ 50,424
Non-controlling interests' share in continuing operations	(165)	(130)
Participating securities' share in earnings	<u>(538)</u>	<u>(715)</u>

Income from continuing operations, less participating securities' share in earnings	76,116	49,579
Income from discontinued operations attributable to MPT Operating Partnership partners	<u>2,498</u>	<u>11,050</u>
Net income, less participating securities' share in earnings	<u>\$ 78,614</u>	<u>\$ 60,629</u>
<b>Denominator:</b>		
Basic weighted-average units	148,204	131,467
Dilutive potential units	<u>1,313</u>	<u>—</u>
Dilutive weighted-average units	<u>149,517</u>	<u>131,467</u>

For the three and nine months ended September 30, 2012, 0.1 million of options were excluded from the diluted earnings per share/unit calculation as they were not determined to be dilutive. In addition, shares/units that may be issued in the future in accordance with our exchangeable senior notes (which were paid off in April 1, 2013) were excluded from the 2012 diluted earnings per share/unit calculation as they were not determined to be dilutive.

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### **10. Commitments and Contingencies**

#### *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.

#### *Commitments*

##### *RHM Portfolio Acquisition*

On September 13, 2013, we entered into an agreement to acquire 11 rehabilitation facilities in the Federal Republic of Germany from RHM Klinik-und Altenheimbetriebe GmbH & Co. KG (“RHM”) for an aggregate purchase price, including payment of applicable transfer taxes, of €184.0 million (plus a commitment to provide up to €10.0 million in financing for the construction of additions to the facilities within the next two years)(“RHM Portfolio Acquisition”). Each of the facilities will be leased back 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 also be increased to reflect 70% of cumulative increases in the German consumer price index.

The RHM Portfolio Acquisition will represent our first acquisition outside of the United States; however the deal is currently structured similarly to our transactions in the United States. This acquisition would add a portfolio of assets with a financially stable long-term operating history backed by an international private equity sponsor.

Pursuant to the terms of the acquisition agreement, if the conditions precedent to acquiring the 11 facilities are not satisfied or waived on or prior to 90 days after the date of the acquisition agreement, we and the seller will each have the option to close the RHM Portfolio Acquisition with respect to a lesser number of facilities and for a reduced aggregate purchase price. We intend to consummate the RHM Portfolio Acquisition during the fourth quarter of 2013. No assurance can be given that any portion of the RHM Portfolio Acquisition will occur as described herein or at all.

### **11. Subsequent Events**

On October 16, 2013, we began construction on a free standing emergency room facility in San Antonio, Texas that will be leased to First Choice, for a total development price of \$5.2 million. The facility is expected to be completed in the first quarter of 2014.

In order to fund the RHM Portfolio Acquisition, on October 10, 2013, we completed a public offering of €200 million aggregate principal amount of our 5.750% Senior Notes due 2020 (the “Notes”). Interest on the Notes will be payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2014. The Notes will 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 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 and from time to time prior to October 1, 2016 the Issuers may redeem up to 35% of the aggregate principal amount of the Notes using the proceeds of one or more equity offerings. The Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by certain subsidiary guarantors. In the event of a Change of Control, each holder of the Notes may require us to repurchase some or all of our Notes at a repurchase price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest to the date of purchase.

Proceeds from this offering are currently in escrow and our receipt of such proceeds is dependent on closing of the RHM Portfolio Acquisition. If the conditions to closing the RHM Portfolio Acquisition (other than the payment of the acquisition consideration and other than those conditions that by their terms are to be satisfied contemporaneously with the consummation of the RHM Portfolio Acquisition) are not satisfied or waived on or prior to 90 days after the closing date of this offering of Notes, we will be required by the terms of the indenture governing the Notes to redeem the Notes at the aggregate offering price plus accrued and unpaid interest up to, but excluding, the redemption date.

### **12. Condensed Consolidating Financial Information**

The following tables present the condensed consolidating financial information for (a) Medical Properties Trust, Inc. (“Parent” and a guarantor to our 2011 and 2012 Senior Unsecured Notes), (b) MPT Operating Partnership, L.P. and MPT Finance Corporation (“Subsidiary Issuer”), (c) on a combined basis, the guarantors of our 2011 and 2012 Senior Unsecured Notes (“Subsidiary Guarantors”), and (d) on a combined basis, the non-guarantor subsidiaries (“Non-Guarantor Subsidiaries”). Separate financial statements of the Subsidiary Guarantors are not presented because the guarantee by each 100% owned Subsidiary Guarantor is joint and several and we believe separate financial statements and other disclosures regarding the Subsidiary Guarantors are not material to investors. Furthermore, there are no significant legal restrictions on the Parent’s ability to obtain funds from its subsidiaries by dividend or loan.

The guarantees by the Subsidiary Guarantors may be released and discharged upon: (1) any sale, exchange or transfer of all of the capital stock of a Subsidiary Guarantor; (2) the merger or consolidation of a Subsidiary Guarantor with a Subsidiary Issuer or any other Subsidiary Guarantor; (3) the proper designation of any Subsidiary Guarantor by the Subsidiary Issuers as “unrestricted” for covenant purposes under the indenture governing the 2011 and 2012 Senior Unsecured Notes; (4) the legal defeasance or covenant defeasance or satisfaction and discharge of the indenture; (5) a liquidation or dissolution of a Subsidiary Guarantor permitted under the indenture governing the 2011 and 2012 Senior Unsecured Notes; or (6) the release or discharge of the Subsidiary Guarantor from its guarantee obligations under our revolving credit facility.

Subsequent to September 30, 2012, certain of our subsidiaries were re-designated as non-guarantors of our 2011 and 2012 Senior Unsecured Notes as the underlying properties were sold in 2012 and the first half of 2013. With these re-designations, we have restated the 2012 condensed consolidating financial information below to reflect these changes.

In the second quarter of 2013, we revised our condensed consolidating balance sheets as of December 31, 2012 and 2011 to adjust negative net intercompany receivables (payable) balances from Total Assets to Total Liabilities. The impact of this revision, was to increase total assets (and, correspondingly increase total liabilities) as of December 31, 2012 and 2011 for Subsidiaries Guarantors by \$1,010.4 million and \$888.9 million, respectively, and also to increase total assets (and, correspondingly increase total liabilities) for Non-Guarantor Subsidiaries by \$390.9 million and \$5.5 million respectively, with an offset to Eliminations. This revision is not material to the related financial statements for any prior periods and had no impact on our consolidated balance sheet. As prior period financial information is presented in future filings, we will similarly revise the condensed consolidating balance sheets.





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**Condensed Consolidated Balance Sheet**  
**September 30, 2013**  
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
<b>Assets</b>						
<b>Real estate assets</b>						
Land, buildings and improvements and intangible lease assets	\$ —	\$ —	\$1,259,234	\$ 347,198	\$ —	\$1,606,432
Mortgage loans	—	—	268,650	100,000	—	368,650
Net investment in direct financing leases	—	—	186,586	216,926	—	403,512
Gross investment in real estate assets	—	—	1,714,470	664,124	—	2,378,594
Accumulated depreciation and amortization	—	—	(142,939)	(7,727)	—	(150,666)
Net investment in real estate assets	—	—	1,571,531	656,397	—	2,227,928
Cash and cash equivalents	—	11,391	—	733	—	12,124
Interest and rent receivable	—	715	29,284	24,506	—	54,505
Straight-line rent receivable	—	—	36,051	8,189	—	44,240
Other loans	—	178	—	161,067	—	161,245
Net intercompany receivable	32,053	1,639,081	—	—	(1,671,134)	—
Investment in subsidiaries	1,358,959	783,441	43,557	—	(2,185,957)	—
Other assets	—	32,534	980	29,594	—	63,108
<b>Total Assets</b>	<b><u>\$1,391,012</u></b>	<b><u>\$2,467,340</u></b>	<b><u>\$1,681,403</u></b>	<b><u>\$ 880,486</u></b>	<b><u>\$(3,857,091)</u></b>	<b><u>\$2,563,150</u></b>
<b>Liabilities and Equity</b>						
<b>Liabilities</b>						
Debt, net	\$ —	\$1,072,960	\$ —	\$ 14,013	\$ —	\$1,086,973
Accounts payable and accrued expenses	32,443	35,705	4,935	769	—	73,852
Net intercompany payable	—	—	998,987	672,147	(1,671,134)	—
Deferred revenue	—	(284)	17,970	5,543	—	23,229
Lease deposits and other obligations to tenants	—	—	17,923	2,604	—	20,527
Total liabilities	32,443	1,108,381	1,039,815	695,076	(1,671,134)	1,204,581
Total equity	1,358,569	1,358,959	641,588	185,410	(2,185,957)	1,358,569
<b>Total Liabilities and Equity</b>	<b><u>\$1,391,012</u></b>	<b><u>\$2,467,340</u></b>	<b><u>\$1,681,403</u></b>	<b><u>\$ 880,486</u></b>	<b><u>\$(3,857,091)</u></b>	<b><u>\$2,563,150</u></b>

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**Condensed Consolidated Statements of Income  
For the Three Months Ended September 30, 2013  
(in thousands)**

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
<b>Revenues</b>						
Rent billed	\$ —	\$ —	\$ 29,770	\$ 5,403	\$ (3,295)	\$ 31,878
Straight-line rent	—	—	2,189	664	—	2,853
Income from direct financing leases	—	—	10,519	5,750	(4,971)	11,298
Interest and fee income	—	5,004	9,161	7,299	(7,037)	14,427
Total revenues	—	5,004	51,639	19,116	(15,303)	60,456
<b>Expenses</b>						
Real estate depreciation and amortization	—	—	8,363	426	—	8,789
Property-related	—	182	251	8,291	(8,266)	458
General and administrative	—	6,867	—	(487)	—	6,380
Acquisition expenses	—	4,179	—	—	—	4,179
Total operating expenses	—	11,228	8,614	8,230	(8,266)	19,806
Operating income (expense)	—	(6,224)	43,025	10,886	(7,037)	40,650
<b>Other income (expense)</b>						
Other income (expense)	—	5	—	(2)	—	3
Earnings from equity and other interests	—	—	454	389	—	843
Interest income (expense)	—	(16,055)	454	(7,266)	7,037	(15,830)
Net other income (expense)	—	(16,050)	908	(6,879)	7,037	(14,984)
<b>Income (loss) from continuing operations</b>						
Income from discontinued operations	—	—	—	37	—	37
Equity in earnings of consolidated subsidiaries, net of income taxes	25,703	47,977	1,114	—	(74,794)	—
Net income	25,703	25,703	45,047	4,044	(74,794)	25,703
Net income (loss) attributable to non-controlling interests	(55)	(55)	—	—	55	(55)
<b>Net income attributable to MPT common stockholders</b>	<u>\$25,648</u>	<u>\$ 25,648</u>	<u>\$ 45,047</u>	<u>\$ 4,044</u>	<u>\$ (74,739)</u>	<u>\$ 25,648</u>

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**Condensed Consolidated Statements of Income  
For the Nine Months Ended September 30, 2013  
(in thousands)**

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
<b>Revenues</b>						
Rent billed	\$ —	\$ —	\$ 89,149	\$ 14,970	\$ (9,045)	\$ 95,074
Straight-line rent	—	—	6,617	1,643	—	8,260
Income from direct financing leases	—	—	27,387	16,744	(14,847)	29,284
Interest and fee income	—	15,112	27,565	21,816	(21,211)	43,282
Total revenues	—	15,112	150,718	55,173	(45,103)	175,900
<b>Expenses</b>						
Real estate depreciation and amortization	—	—	24,775	1,276	—	26,051
Property-related	—	458	792	24,162	(23,892)	1,520
General and administrative	—	21,286	—	137	—	21,423
Acquisition expenses	—	6,457	—	—	—	6,457
Total operating expenses	—	28,201	25,567	25,575	(23,892)	55,451
Operating income (expense)	—	(13,089)	125,151	29,598	(21,211)	120,449
<b>Other income (expense)</b>						
Other income (expense)	—	(37)	—	(208)	—	(245)
Earnings from equity and other interests	—	—	687	1,824	—	2,511
Interest income (expense)	—	(46,298)	1,083	(21,892)	21,211	(45,896)
Net other income (expense)	—	(46,335)	1,770	(20,276)	21,211	(43,630)
<b>Income (loss) from continuing operations</b>						
Income from discontinued operations	—	(59,424)	126,921	9,322	—	76,819
Equity in earnings of consolidated subsidiaries net of income taxes	79,317	138,741	3,356	—	(221,414)	—
Net income	79,317	79,317	130,273	11,824	(221,414)	79,317
Net income (loss) attributable to non-controlling interests	(165)	(165)	—	—	165	(165)
<b>Net income attributable to MPT common stockholders</b>	<u>\$79,152</u>	<u>\$ 79,152</u>	<u>\$ 130,273</u>	<u>\$ 11,824</u>	<u>\$ (221,249)</u>	<u>\$ 79,152</u>

[Table of Contents](#)**Condensed Consolidated Statements of Comprehensive Income  
For the Three Months Ended September 30, 2013  
(in thousands)**

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Net income	\$25,703	\$ 25,703	\$ 45,047	\$ 4,044	\$ (74,794)	\$ 25,703
Other comprehensive income:						
Unrealized gain on interest rate swap	182	182	—	—	(182)	182
Total comprehensive income	25,885	25,885	45,047	4,044	(74,976)	25,885
Comprehensive income attributable to non-controlling interests	(55)	(55)	—	—	55	(55)
<b>Comprehensive income attributable to MPT common stockholders</b>	<u>\$25,830</u>	<u>\$ 25,830</u>	<u>\$ 45,047</u>	<u>\$ 4,044</u>	<u>\$ (74,921)</u>	<u>\$ 25,830</u>

**Condensed Consolidated Statements of Comprehensive Income  
For the Nine Months Ended September 30, 2013  
(in thousands)**

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Net income	\$79,317	\$ 79,317	\$ 130,273	\$ 11,824	\$ (221,414)	\$ 79,317
Other comprehensive income:						
Unrealized gain on interest rate swap	2,788	2,788	—	—	(2,788)	2,788
Total comprehensive income	82,105	82,105	130,273	11,824	(224,202)	82,105
Comprehensive income attributable to non-controlling interests	(165)	(165)	—	—	165	(165)
<b>Comprehensive income attributable to MPT common stockholders</b>	<u>\$81,940</u>	<u>\$ 81,940</u>	<u>\$ 130,273</u>	<u>\$ 11,824</u>	<u>\$ (224,037)</u>	<u>\$ 81,940</u>

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**Condensed Consolidated Statements of Cash Flows**  
**For the Nine Months Ended September 30, 2013**  
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non- Guarantor Subsidiaries	Eliminations	Total Consolidated
<b>Operating Activities</b>						
Net cash provided by (used in) operating activities	\$ 91	\$ (38,891)	\$ 156,913	\$ (16,549)	\$ —	\$ 101,564
<b>Investing Activities</b>						
Cash paid for acquisitions and other related investments	—	—	(95,000)	(276,500)	—	(371,500)
Principal received on loans receivable	—	—	—	4,694	—	4,694
Net proceeds from sale of real estate	—	—	—	18,409	—	18,409
Investments in and advances to subsidiaries	(225,683)	(267,545)	(1,506)	269,142	225,592	—
Investments in loans receivable	—	—	—	(1,445)	—	(1,445)
Construction in progress and other	—	(765)	(63,691)	1,034	—	(63,422)
Net cash provided by (used in) investing activities	(225,683)	(268,310)	(160,197)	15,334	225,592	(413,264)
<b>Financing Activities</b>						
Revolving credit facilities, net	—	(80,000)	—	—	—	(80,000)
Additions to term debt, net of discount	—	153,000	—	—	—	153,000
Payments of term debt	—	(11,000)	—	(185)	—	(11,185)
Distributions paid	(87,727)	(87,928)	—	—	87,727	(87,928)
Proceeds from sale of common shares/units, net of offering costs	313,319	313,319	—	—	(313,319)	313,319
Lease deposits and other obligations to tenants	—	—	1,719	1,870	—	3,589
Debt issuance costs paid and other financing activities	—	(4,282)	—	—	—	(4,282)
Net cash provided by financing activities	225,592	283,109	1,719	1,685	(225,592)	286,513
Increase (decrease) in cash and cash equivalents for period	—	(24,092)	(1,565)	470	—	(25,187)
Cash and cash equivalents at beginning of period	—	35,483	1,565	263	—	37,311
<b>Cash and cash equivalents at end of period</b>	<b>\$ —</b>	<b>\$ 11,391</b>	<b>\$ —</b>	<b>\$ 733</b>	<b>\$ —</b>	<b>\$ 12,124</b>

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**Condensed Consolidated Balance Sheet**  
**December 31, 2012**  
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
<b>Assets</b>						
<b>Real estate assets</b>						
Land, buildings and improvements and intangible lease assets	\$ —	\$ 28	\$ 1,196,124	\$ 65,947	\$ —	\$ 1,262,099
Real estate held for sale	—	—	—	16,497	—	16,497
Mortgage loans	—	—	268,650	100,000	—	368,650
Investment in direct financing leases	—	—	110,155	204,257	—	314,412
Gross investment in real estate assets	—	28	1,574,929	386,701	—	1,961,658
Accumulated depreciation and amortization	—	—	(118,163)	(6,452)	—	(124,615)
Net investment in real estate assets	—	28	1,456,766	380,249	—	1,837,043
Cash and cash equivalents	—	35,483	1,565	263	—	37,311
Interest and rent receivable	—	212	29,159	15,918	—	45,289
Straight-line rent receivable	—	—	29,314	6,546	—	35,860
Other loans	—	177	—	159,066	—	159,243
Net intercompany receivable	27,393	1,373,941	—	—	(1,401,334)	—
Investment in subsidiaries	1,050,204	647,029	42,666	—	(1,739,899)	—
Other assets	—	31,097	1,522	31,521	—	64,140
<b>Total Assets</b>	<b>\$ 1,077,597</b>	<b>\$ 2,087,967</b>	<b>\$ 1,560,992</b>	<b>\$ 593,563</b>	<b>\$ (3,141,233)</b>	<b>\$ 2,178,886</b>
<b>Liabilities and Equity</b>						
<b>Liabilities</b>						
Debt, net	\$ —	\$ 1,010,962	\$ —	\$ 14,198	\$ —	\$ 1,025,160
Accounts payable and accrued expenses	27,783	26,658	10,492	1,028	—	65,961
Net intercompany payable	—	—	1,000,117	401,217	(1,401,334)	—
Deferred revenue	—	143	19,621	845	—	20,609
Lease deposits and other obligations to tenants	—	—	16,606	736	—	17,342
Total liabilities	27,783	1,037,763	1,046,836	418,024	(1,401,334)	1,129,072
Total equity	1,049,814	1,050,204	514,156	175,539	(1,739,899)	1,049,814
<b>Total Liabilities and Equity</b>	<b>\$ 1,077,597</b>	<b>\$ 2,087,967</b>	<b>\$ 1,560,992</b>	<b>\$ 593,563</b>	<b>\$ (3,141,233)</b>	<b>\$ 2,178,886</b>

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**Condensed Consolidated Statements of Income**  
**For the Three Months Ended September 30, 2012**  
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
<b>Revenues</b>						
Rent billed	\$ —	\$ —	\$ 28,470	\$ 4,163	\$ (2,335)	\$ 30,298
Straight-line rent	—	—	2,371	374	—	2,745
Income from direct financing leases	—	—	5,238	5,394	(4,859)	5,773
Interest and fee income	—	5,242	8,917	6,943	(7,065)	14,037
Total revenues	—	5,242	44,996	16,874	(14,259)	52,853
<b>Expenses</b>						
Real estate depreciation and amortization	—	—	7,883	425	—	8,308
Property-related	—	88	116	7,204	(7,194)	214
General and administrative	—	6,332	—	720	—	7,052
Acquisition expenses	—	410	—	—	—	410
Total operating expenses	—	6,830	7,999	8,349	(7,194)	15,984
Operating income (loss)	—	(1,588)	36,997	8,525	(7,065)	36,869
<b>Other income (expense)</b>						
Other income (expense)	—	(21)	(2)	—	—	(23)
Earnings from equity and other interests	—	—	331	734	—	1,065
Interest income (expense)	—	(15,203)	388	(7,296)	7,065	(15,046)
Net other income (expense)	—	(15,224)	717	(6,562)	7,065	(14,004)
<b>Income (loss) from continuing operations</b>	—	(16,812)	37,714	1,963	—	22,865
Income (loss) from discontinued operations	—	—	314	8,329	—	8,643
Equity in earnings of consolidated subsidiaries, net of income taxes	31,508	48,320	1,129	—	(80,957)	—
Net income	31,508	31,508	39,157	10,292	(80,957)	31,508
Net income (loss) attributable to non-controlling interests	(44)	(44)	—	—	44	(44)
<b>Net income attributable to MPT common stockholders</b>	<u>\$31,464</u>	<u>\$ 31,464</u>	<u>\$ 39,157</u>	<u>\$ 10,292</u>	<u>\$ (80,913)</u>	<u>\$ 31,464</u>



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**Condensed Consolidated Statements of Income  
For the Nine Months Ended September 30, 2012  
(in thousands)**

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
<b>Revenues</b>						
Rent billed	\$ —	\$ —	\$ 85,160	\$ 12,446	\$ (6,926)	\$ 90,680
Straight-line rent	—	—	4,310	1,119	—	5,429
Income from direct financing leases	—	—	11,730	12,600	(11,351)	12,979
Interest and fee income	—	13,219	20,620	17,358	(17,711)	33,486
Total revenues	—	13,219	121,820	43,523	(35,988)	142,574
<b>Expenses</b>						
Real estate depreciation and amortization	—	—	23,551	1,275	—	24,826
Property-related	—	349	580	18,375	(18,277)	1,027
General and administrative	—	20,067	—	1,274	—	21,341
Acquisition expenses	—	4,115	—	—	—	4,115
Total operating expenses	—	24,531	24,131	20,924	(18,277)	51,309
Operating income (loss)	—	(11,312)	97,689	22,599	(17,711)	91,265
<b>Other income (expense)</b>						
Other income (expense)	—	(49)	(2)	(4)	—	(55)
Earnings from equity and other interests	—	—	783	1,161	—	1,944
Interest income (expense)	—	(42,905)	867	(18,403)	17,711	(42,730)
Net other income (expense)	—	(42,954)	1,648	(17,246)	17,711	(40,841)
<b>Income (loss) from continuing operations</b>	—	(54,266)	99,337	5,353	—	50,424
Income (loss) from discontinued operations	—	—	106	10,944	—	11,050
Equity in earnings of consolidated subsidiaries net of income taxes	61,474	115,740	3,367	—	(180,581)	—
Net income	61,474	61,474	102,810	16,297	(180,581)	61,474
Net income (loss) attributable to non-controlling interests	(130)	(130)	—	—	130	(130)
<b>Net income attributable to MPT common stockholders</b>	<u>\$61,344</u>	<u>\$ 61,344</u>	<u>\$ 102,810</u>	<u>\$ 16,297</u>	<u>\$ (180,451)</u>	<u>\$ 61,344</u>

[Table of Contents](#)**Condensed Consolidated Statements of Comprehensive Income  
For the Three Months Ended September 30, 2012  
(in thousands)**

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Net income	\$31,508	\$ 31,508	\$ 39,157	\$ 10,292	\$ (80,957)	\$ 31,508
Other comprehensive income (loss):						
Unrealized loss on interest rate swap	(443)	(443)	—	—	443	(443)
Total comprehensive income	31,065	31,065	39,157	10,292	(80,514)	31,065
Comprehensive income attributable to non-controlling interests	(44)	(44)	—	—	44	(44)
<b>Comprehensive income attributable to MPT common stockholders</b>	<u>\$31,021</u>	<u>\$ 31,021</u>	<u>\$ 39,157</u>	<u>\$ 10,292</u>	<u>\$ (80,470)</u>	<u>\$ 31,021</u>

**Condensed Consolidated Statements of Comprehensive Income  
For the Nine Months Ended September, 30, 2012  
(in thousands)**

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Net income	\$61,474	\$ 61,474	\$ 102,810	\$ 16,297	\$ (180,581)	\$ 61,474
Other comprehensive income (loss):						
Unrealized loss on interest rate swap	(989)	(989)	—	—	989	(989)
Total comprehensive income	60,485	60,485	102,810	16,297	(179,592)	60,485
Comprehensive income attributable to non-controlling interests	(130)	(130)	—	—	130	(130)
<b>Comprehensive income attributable to MPT common stockholders</b>	<u>\$60,355</u>	<u>\$ 60,355</u>	<u>\$ 102,810</u>	<u>\$ 16,297</u>	<u>\$ (179,462)</u>	<u>\$ 60,355</u>

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**Condensed Consolidated Statements of Cash Flows**  
**For the Nine Months Ended September 30, 2012**  
**(in thousands)**

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
<b>Operating Activities</b>						
Net cash provided by (used in) operating activities	\$ 16	\$ (38,780)	\$ 109,018	\$ 4,455	\$ —	\$ 74,709
<b>Investing Activities</b>						
Cash paid for acquisitions and other related investments	—	—	(410,000)	(196,500)	—	(606,500)
Principal received on loans receivable	—	—	5,491	4,016	—	9,507
Net proceeds from sale of real estate	—	—	800	33,300	—	34,100
Investments in and advances to subsidiaries	(143,554)	(540,016)	380,605	159,427	143,538	—
Investments in loans receivable	—	—	—	(1,293)	—	(1,293)
Construction in progress and other	—	(59)	(33,869)	(1,992)	—	(35,920)
Net cash used in investing activities	(143,554)	(540,075)	(56,973)	(3,042)	143,538	(600,106)
<b>Financing Activities</b>						
Revolving credit facilities, net	—	75,000	(39,600)	—	—	35,400
Additions to term debt	—	300,000	—	—	—	300,000
Payments of term debt	—	—	—	(171)	—	(171)
Distributions paid	(76,569)	(76,770)	—	—	76,569	(76,770)
Proceeds from sale of common stock/units, net of offering costs	220,107	220,107	—	—	(220,107)	220,107
Lease deposits and other obligations to tenants	—	—	(12,289)	(1,102)	—	(13,391)
Debt issuance costs paid and other financing activities	—	(6,341)	—	—	—	(6,341)
Net cash provided by (used in) financing activities	143,538	511,996	(51,889)	(1,273)	(143,538)	458,834
Increase in cash and cash equivalents for period	—	(66,859)	156	140	—	(66,563)
Cash and cash equivalents at beginning of period	—	101,230	1,409	87	—	102,726
<b>Cash and cash equivalents at end of period</b>	<u>\$ —</u>	<u>\$ 34,371</u>	<u>\$ 1,565</u>	<u>\$ 227</u>	<u>\$ —</u>	<u>\$ 36,163</u>

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion and analysis of the consolidated financial condition and consolidated results of operations are presented on a combined basis for Medical Properties Trust and MPT Operating Partnership, L.P. as there are no material differences between these two entities.

The following discussion and analysis of the consolidated financial condition and consolidated results of operations should be read together with the condensed consolidated financial statements and notes thereto contained in this Form 10-Q and the consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2012.

### **Forward-Looking Statements.**

This report on Form 10-Q contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results or future performance, achievements or transactions or events to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to, the risks described in our most recent Annual Report on Form 10-K and as updated in our Quarterly Reports on Form 10-Q for future periods and Current Reports on Form 8-K as we file them with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934. Such factors include, among others, the following:

- U.S. national and local and foreign business, real estate and other market conditions;
- 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 real estate industry generally or the healthcare real estate industry in particular;
- our ability to maintain our status as a REIT for U.S. federal and state income tax purposes;
- our ability to attract and retain qualified personnel;
- changes in foreign currency exchange rates;
- difficulty acquiring, developing, and leasing healthcare facilities in foreign jurisdictions, including the pending acquisition of the RHM Acquisition;
- U.S. federal and state healthcare regulatory requirements; and
- U.S. national and local economic conditions, as well as conditions in 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, and institutions that hold our cash balances, which may expose us to increased risks of default by these parties;
  - our ability to obtain equity and debt financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities 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.

### **Key Factors that May Affect Our Operations**

Our revenues are derived primarily from rents we earn pursuant to the lease agreements with our tenants and from interest income from loans to our tenants and other facility owners. 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. 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 lease and loan portfolio.

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

- the historical and prospective operating margins (measured by a tenant’s earnings before interest, taxes, depreciation, amortization and facility rent) of each tenant or borrower and at each facility;
- the ratio of our tenants’ and borrowers’ operating earnings both to facility rent and to facility rent plus other fixed costs, including debt costs;

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- trends in the source of our tenants' or borrowers' revenue, including the relative mix of Medicare, Medicaid/MediCal, managed care, commercial insurance, and private pay patients; and
- the effect of evolving healthcare regulations on our tenants' and borrowers' profitability, including recent healthcare reform and legislation.

Certain business factors, in addition to those described above that directly affect our tenants and borrowers, will likely materially influence our future results of operations. These factors include:

- trends in the cost and availability of capital, including market interest rates, that our prospective tenants may use for their real estate assets instead of financing their real estate assets through lease structures;
- changes in healthcare regulations that may limit the opportunities for physicians to participate in the ownership of healthcare providers and healthcare real estate;
- reductions in reimbursements from Medicare, state healthcare programs, and commercial insurance providers that may reduce our tenants' profitability and our lease rates;
- competition from other financing sources; and
- the ability of our tenants and borrowers to access funds in the credit markets.

## **CRITICAL ACCOUNTING POLICIES**

Refer to our 2012 Annual Report on Form 10-K for a discussion of our critical accounting policies, which include revenue recognition, investment in real estate, purchase price allocation, loans, losses from rent receivables, stock-based compensation, our fair value option election, and our accounting policy on consolidation. During the nine months ended September 30, 2013, there were no material changes to these policies.

## **Overview**

We are a self-advised real estate investment trust ("REIT") focused on investing in and owning net-leased healthcare facilities. We have operated as a REIT since April 6, 2004, and, accordingly, elected REIT status upon the filing of our calendar year 2004 federal income tax return. Medical Properties Trust, Inc. was incorporated under Maryland law on August 27, 2004, and MPT Operating Partnership, L.P. was formed under Delaware law on September 10, 2003. 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 acquisitions 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 tenant's profits and losses.

At September 30, 2013, our portfolio consisted of 90 properties: 76 facilities (of the 82 facilities that we own, of which three are subject to long-term ground leases) are leased to 23 tenants, six are under development, and the remainder are in the form of mortgage loans to three operators. Our owned facilities consisted of 34 general acute care hospitals, 22 long-term acute care hospitals, 18 inpatient rehabilitation hospitals, two medical office buildings, and six wellness centers. The non-owned facilities on which we have made mortgage loans consisted of three general acute care facilities, two long-term acute care hospitals, and three inpatient rehabilitation hospitals.

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All of our investments are currently located in the United States. The following is our revenue by operating type (dollar amounts in thousands):

### Revenue by property type:

	For the Three Months Ended September 30, 2013	% of Total	For the Three Months Ended September 30, 2012	% of Total
General Acute Care Hospitals (A)	\$ 35,753	59.1%	\$ 29,378	55.6%
Long-term Acute Care Hospitals	13,364	22.1%	13,114	24.8%
Rehabilitation Hospitals	10,924	18.1%	9,946	18.8%
Wellness Centers	415	0.7%	415	0.8%
<b>Total revenue</b>	<b>\$ 60,456</b>	<b>100.0%</b>	<b>\$ 52,853</b>	<b>100.0%</b>

  

	For the Nine Months Ended September 30, 2013	% of Total	For the Nine Months Ended September 30, 2012	% of Total
General Acute Care Hospitals (A)	\$ 102,573	58.3%	\$ 79,752	55.9%
Long-term Acute Care Hospitals	40,237	22.9%	35,891	25.2%
Rehabilitation Hospitals	31,844	18.1%	25,685	18.0%
Wellness Centers	1,246	0.7%	1,246	0.9%
<b>Total revenue</b>	<b>\$ 175,900</b>	<b>100.0%</b>	<b>\$ 142,574</b>	<b>100.0%</b>

(A) Includes two medical office buildings associated with two of our general acute care hospitals.

We have 34 employees as of November 8, 2013. We believe that any foreseeable increase in the number of our employees will have only immaterial effects on our operations and general and administrative expenses. We believe that our relations with our employees are good. None of our employees are members of any labor union.

## Results of Operations

### Three Months Ended September 30, 2013 Compared to September 30, 2012

Net income for the three months ended September 30, 2013, was \$25.7 million, compared to \$31.5 million for the three months ended September 30, 2012. The decrease in net income is due to a one-time gain of \$8.7 million related to the sale of a property in 2012. Additionally, due to increased acquisition activity in the third quarter of 2013, acquisition expenses were \$4.2 million compared to \$0.4 million in the third quarter of 2012. Funds from operations ("FFO"), after adjusting for certain items (as more fully described in Reconciliation of Non-GAAP Financial Measures), was \$38.5 million, or \$0.25 per diluted share for the 2013 third quarter as compared to \$33.4 million, or \$0.25 per diluted share for the 2012 third quarter. This 15% increase in FFO is primarily due to the increase in revenue from acquisitions made subsequent to September 2012.

A comparison of revenues for the three month periods ended September 30, 2013 and 2012 is as follows, as adjusted in 2012 for discontinued operations (dollar amounts in thousands):

	2013	% of Total	2012	% of Total	Year over Year Change
Base rents	\$31,880	52.7%	\$30,014	56.8%	6.2%
Straight-line rents	2,853	4.7%	2,745	5.2%	3.9%
Percentage rents	(2)	—	284	0.5%	(100.7%)
Income from direct financing leases	11,298	18.7%	5,773	10.9%	95.7%
Interest from loans and fee income	14,427	23.9%	14,037	26.6%	2.8%
<b>Total revenue</b>	<b>\$60,456</b>	<b>100.0%</b>	<b>\$52,853</b>	<b>100.0%</b>	<b>14.4%</b>

Base rents for the 2013 third quarter increased 6.2% versus the prior year as a result of \$0.5 million of additional rent generated from annual escalation provisions in our leases and \$2.3 million of incremental revenue from our Hammond acquisition, our three IASIS acquisitions, and the five development properties that were completed and put into service in late 2012 and 2013, partially offset by the \$1.0 million of revenue from our Monroe facility that was recorded in 2012 but not in 2013. The increase in income from direct financing leases is due to \$0.5 million of additional rent generated from annual escalation provisions in our leases and \$4.8 million of incremental revenue from the acquisition of Reno and Roxborough facilities in 2012 and the Corpus Christi, Saint John and Providence facilities in 2013.

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Real estate depreciation and amortization during the third quarter of 2013 increased to \$8.8 million from \$8.3 million in 2012, due to the incremental depreciation from the development properties completed in 2012 and 2013 and the Hammond acquisition.

Acquisition expenses increased from \$0.4 million in the third quarter of 2012 to \$4.2 million in 2013 as a result of consummated acquisitions, such as the three IASIS properties and continued activity to pursue potential deals in our robust pipeline, including the RHM Portfolio Acquisition.

General and administrative expenses totaled \$6.4 million for the 2013 third quarter, which is 10.6% of total revenues, down from \$7.1 million, which is 13.3% of revenues in the prior year third quarter. 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 head count and related expense at the same rate. On a dollar basis, general and administrative expenses were lower from prior year third quarter due to lower travel costs in 2013.

We recognized \$0.8 million of earnings from equity and other interests (RIDEA investments) in certain of our tenants in 2013, which is down slightly over the 2012 same period.

Interest expense for the quarters ended September 30, 2013 and 2012, totaled \$15.8 million and \$15.0 million, respectively. The increase in interest expense is primarily from the \$150 million tack on offering completed in August 2013, partially offset by the payoff of our 2008 exchangeable notes on April 1, 2013. Our weighted average interest rates were consistent at 6% for the third quarter 2013 and 2012. See Note 4 to our Condensed Consolidated Financial Statements in Item 1 to this Form 10-Q for further information on our debt activities.

In addition to the items noted above, net income for the third quarter in both years was impacted by discontinued operations. See Note 8 to our Condensed Consolidated Financial Statements in Item 1 to this Form 10-Q for further information.

### ***Nine Months Ended September 30, 2013 Compared to September 30, 2012***

Net income for the nine months ended September 30, 2013, was \$79.3 million compared to net income of \$61.5 million for the nine months ended September 30, 2012. FFO, after adjusting for certain items (as more fully described in Reconciliation of Non-GAAP Financial Measures), was \$109.2 million, or \$0.73 per diluted share for the first nine months in 2013 as compared to \$85.5 million, or \$0.65 per diluted share for the first nine months of 2012. This 28% increase in FFO is primarily due to the increase in revenue from acquisitions made subsequent to September 2012.

A comparison of revenues for the nine month periods ended September 30, 2013 and 2012 is as follows (dollar amounts in thousands):

	<u>2013</u>	<u>% of Total</u>	<u>2012</u>	<u>% of Total</u>	<u>Year over Year Change</u>
Base rents	\$ 95,076	54.1%	\$ 89,443	62.7%	6.3%
Straight-line rents	8,260	4.7%	5,429	3.8%	52.1%
Percentage rents	(2)	— %	1,237	0.9%	(100.2)%
Income from direct financing leases	29,284	16.6%	12,979	9.1%	125.6%
Interest from loans and fee income	43,282	24.6%	33,486	23.5%	29.3%
Total revenue	\$175,900	100.0%	\$142,574	100.0%	23.4%

Base rents for the first nine months of 2013 increased 6.3% versus the prior year as a result of \$1.7 million of additional rent generated from annual escalation provisions in our leases and \$5.9 million of incremental revenue from the Hammond acquisition, three IASIS acquisitions and the development properties completed since September 2012 partially offset by the \$2.0 million of revenue from our Monroe facility that was recorded in 2012 but not in 2013. Straight line rent for the first nine months of 2013 increased 52.1% as a result of the Hammond acquisition in the 4th quarter of 2012 and the completion of our Twelve Oaks and Lafayette development deals. In addition, as a result of our master lease agreement entered into in July 2012 with Prime, we have additional straight line rent related to several facilities.

Income from direct financing leases is higher than the prior year as a result of \$15.7 million of incremental revenue from the Ernest Transaction (additional quarter of income in 2013) and the new Corpus Christi, Roxborough, Reno, Saint John and Providence facilities along with \$0.6 million of additional income generated from our annual escalation provisions. Interest from loans is higher than the prior year primarily due to the \$4.0 million, \$0.6 million, and \$5.3 million of additional interest related to the Ernest, Hoboken, and Centinela loans, respectively.

Real estate depreciation and amortization during the first nine months of 2013 was \$26.1 million, compared to \$24.8 million in the same period of 2012 due to the incremental depreciation from our Hammond facility acquired in December 2012 and the development properties completed since September 2012.

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Acquisition expenses increased from \$4.1 million in 2012 to \$6.5 million in 2013 primarily as a result of the IASIS acquisition in 2013 along with continued activity to pursue potential deals, such as the RHM Portfolio Acquisition.

General and administrative expenses in the first three quarters of 2013 totaled \$21.4 million, which is 12.2% of revenues down from 15.0% of revenues in the prior year as revenues are up significantly over 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 head count and related expense at the same rate. On a dollar basis, general and administrative expenses were relatively flat year over year.

We recognized \$2.5 million of earnings from equity and other interests in certain of our tenants in the first nine months of 2013. The increase over the 2012 same period is due to no such income being recorded in the 2012 first quarter because of 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.

Interest expense for the first nine months of 2013 and 2012 totaled \$45.9 million and \$42.7 million, respectively. This increase is related to higher average debt balances in the current year associated with our 2012 Senior Unsecured Notes and 2012 Term Loan. Our weighted average interest rates were consistent at 6% for the first nine months of 2013 and 2012. See Note 4 to our Condensed Consolidated Financial Statements in Item 1 to this Form 10-Q for further information on our debt activities.



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In addition to the items noted above, net income for the nine month periods of 2013 and 2012 was impacted by discontinued operations. See Note 8 to our Condensed Consolidated Financial Statements in Item 1 to this Form 10-Q 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 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 (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.

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The following table presents a reconciliation of FFO to net income attributable to MPT common stockholders for the three and nine months ended September 30, 2013 and 2012 (\$ amounts in thousands, except per share data):

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
<b>FFO information:</b>				
Net income attributable to MPT common stockholders	\$ 25,648	\$ 31,464	\$ 79,152	\$ 61,344
Participating securities' share in earnings	(166)	(225)	(538)	(715)
Net income, less participating securities' share in earnings	\$ 25,482	\$ 31,239	\$ 78,614	\$ 60,629
Depreciation and amortization:				
Continuing operations	8,789	8,308	26,051	24,826
Discontinued operations	—	494	103	1,587
Loss (gain) on sale of real estate	—	(8,726)	(2,054)	(7,280)
Funds from operations	\$ 34,271	\$ 31,315	\$ 102,714	\$ 79,762
Write-off of straight line rent	—	1,640	—	1,640
Acquisition costs	4,179	410	6,457	4,115
Normalized funds from operations	\$ 38,450	\$ 33,365	\$ 109,171	\$ 85,517
<b>Per diluted share data:</b>				
Net income, less participating securities' share in earnings	\$ 0.16	\$ 0.23	\$ 0.53	\$ 0.46
Depreciation and amortization:				
Continuing operations	0.06	0.06	0.17	0.19
Discontinued operations	—	—	—	0.01
Loss (gain) on sale of real estate	—	(0.06)	(0.01)	(0.05)
Funds from operations	\$ 0.22	\$ 0.23	\$ 0.69	\$ 0.61
Write-off of straight line rent	—	0.01	—	0.01
Acquisition costs	0.03	0.01	0.04	0.03
Normalized funds from operations	\$ 0.25	\$ 0.25	\$ 0.73	\$ 0.65

## LIQUIDITY AND CAPITAL RESOURCES

During the first nine months of 2013, operating cash flows, which primarily consisted of rent and interest from mortgage and other loans, were \$101.6 million, which with cash on-hand, were principally used to fund our dividends of \$87.9 million and certain of our investing activities.

On August 20, 2013, we completed an offering of 11,500,000 shares of common stock (including 1,500,000 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. In addition, in August 2013, we completed a \$150 million tuck on offering to our 2012 Senior Unsecured Notes, resulting in net proceeds of \$150.3 million (reflective of the pricing premium we received). These proceeds were used to fund the acquisition of the three IASIS properties more fully described in Note 3.

We completed an offering of 12,650,000 shares of our common stock (including 1,650,000 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 this offering and subsequent property sales were used to pay down \$80 million on our revolving credit facility while funding our other acquisitions and development activities.

During the first nine months of 2012, operating cash flows, which primarily consisted of rent and interest from mortgage and working capital loans, were \$74.7 million, which with cash on-hand, were principally used to fund our dividends of \$76.8 million.

To fund the Ernest Transaction disclosed in Note 3 to our Condensed Consolidated Financial Statements in Item 1 to this Form 10-Q, on February 7, 2012, we completed an offering of 23,575,000 shares of our common stock (including 3,075,000 shares sold pursuant to the exercise in full of the underwriters' overallotment option), resulting in net proceeds (after underwriting discount) of \$220.1 million. In addition, on February 17, 2012, we completed the \$200 million offering of our 2012 Senior Unsecured Notes, resulting in net proceeds, after underwriting discount, of \$196.5 million, which we also used to fund the Ernest Transaction. On March 9, 2012, we closed on a \$100 million senior unsecured term loan facility and exercised the \$70 million accordion feature on our revolving credit facility. Proceeds from this new term loan were used for general corporate purposes, including acquisitions.

*Short-term Liquidity Requirements:* At November 5, 2013, our availability under our revolving credit facility plus cash on-hand approximated \$330 million. We have only nominal principal payments due and no significant maturities in 2013—see five-year debt maturity schedule below. Excluding the funding for the RHM Portfolio Acquisition, we believe that the liquidity available to us, along with our current monthly cash receipts from rent and loan interest, is sufficient to provide the resources necessary for operations, debt and interest obligations, our firm commitments, (including capital expenditures, if any), dividends in order to comply with REIT requirements and our remaining investment goal for 2013. In regards to the RHM Portfolio Acquisition, we currently expect this deal for 11 properties in Germany to close in the 2013 fourth quarter. We will fund the entire purchase price for the acquisition along with any acquisition expenses from the proceeds of our €200 million Euro bond offering, which was completed in October 2013 and the proceeds of which were placed in escrow pending closing of the RHM Portfolio Acquisition.

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*Long-term Liquidity Requirements:* As of September 30, 2013, we had less than \$0.4 million in debt principal payments due before 2015—see five-year debt maturity schedule below. With our current liquidity at November 5, 2013 of \$330 million along with our current monthly cash receipts from rent and loan interest and the proceeds from the Euro bond offering in October 2013, 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) in 2013. However, in order to fund our investment strategies post 2013 or to fund investments greater than our remaining goals for 2013, we will require external capital, which we believe is currently available in the market, such as the following:

- issuance of new debt securities, including senior unsecured notes,
- sale of equity securities,
- entering into joint venture arrangements,
- expanding our current revolving credit facility, and/or
- strategic property sales.

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

As of September 30, 2013, principal payments due for our debt (which exclude the effects of any discounts or premiums recorded) are as follows (in thousands):

2013	\$ 64
2014	266
2015	45,283
2016	225,299
2017	320
Thereafter	<u>812,781</u>
Total	<u>\$1,084,013</u>

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### **Distribution Policy**

The table below is a summary of our distributions declared during the two year period ended September 30, 2013:

<b>Declaration Date</b>	<b>Record Date</b>	<b>Date of Distribution</b>	<b>Distribution per Share</b>
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
November 10, 2011	December 8, 2011	January 5, 2012	\$ 0.20

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 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. See Note 4 to our condensed consolidated financial statements in Item 1 to this Form 10-Q for any restrictions placed on dividends by our existing credit facility.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Our primary exposure to market risks relates to changes in interest rates. However, the value of our facilities are 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 affected also by changes in “cap” rates, which is measured by the current annual base rent divided by the current market value of a facility.

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 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 financial instruments. They do not include other potential effects which could impact our business as a result of changes in market conditions.

#### ***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 September 30, 2013, our outstanding debt totaled \$1.1 billion, which consisted of fixed-rate debt of \$942.0 million (including \$125.0 million of floating debt swapped to fixed) and variable rate debt of \$145.0 million. If market interest rates increase by one-percentage point, the fair value of our fixed rate debt, after considering the effects of the interest rate swaps entered into in 2010, would decrease by \$9.5 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 \$1.5 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 \$1.5 million per year. This assumes that the average amount outstanding under our variable rate debt for a year is \$145.0 million, the balance of our term loan and revolving credit facility at September 30, 2013.

#### **Item 4. Controls and Procedures.**

We have adopted and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible 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 quarter 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.

There has been no change in our 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.

## **PART II — OTHER INFORMATION**

#### **Item 1. Legal Proceedings.**

None.

#### **Item 1A. Risk Factors.**

Other than as described below, there were no additional material changes to the risk factors disclosed in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K, for the year ended December 31, 2012 (except to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations")).

#### ***We have no prior experience with healthcare facilities in Germany or anywhere else outside the United States.***

Neither we nor any of our affiliates has any 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, 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 acquire in connection with the RHM Portfolio Acquisition 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, expropriation, 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 master lease with RHM and its affiliates are payable in euros, 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 or all 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 will be subject to similar local anti-bribery laws upon the closing of the RHM Portfolio Acquisition, 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, the trading price of the Notes and our ability to make payments on the Notes.

We are considering, and may make, additional investments in Europe, which may have similar risks as described above as well as unique risks associated with a specific country. We may not have the expertise necessary to maximize the return on our international investments, including the RHM Portfolio Acquisition.

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**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

- (a) None.
- (b) Not applicable.
- (c) None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

None.

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### Item 5. Other Information.

- (a) None.
- (b) None.

### Item 6. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Purchase and sale agreement of the RHM Portfolio Acquisition
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

**SIGNATURE**

Pursuant to the requirements 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: November 8, 2013



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INDEX TO EXHIBITS

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Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

**Grundstückskaufvertrag  
mit Auflassung**

zwischen

**RHM Klinik- und Altenheimbetriebe**

**GmbH & Co. KG**

als Verkäufer

und

**MPT RHM Sonnenwende S.à r.l.**

**MPT RHM Klaus S.à r.l.**

**MPT RHM Vesalius S.à r.l.**

**MPT RHM Park S.à r.l.**

**MPT RHM Fontana S.à r.l.**

**MPT RHM Christiaan S.à r.l.**

und

**MPT RHM Hillersbach S.à r.l.**

als Käufer

**Property Purchase Agreement  
with Transfer of Title**

between

**RHM Klinik- und Altenheimbetriebe**

**GmbH & Co. KG**

as Seller

and

**MPT RHM Sonnenwende S.à r.l.**

**MPT RHM Klaus S.à r.l.**

**MPT RHM Vesalius S.à r.l.**

**MPT RHM Park S.à r.l.**

**MPT RHM Fontana S.à r.l.**

**MPT RHM Christiaan S.à r.l.**

and

**MPT RHM Hillersbach S.à r.l.**

as Purchaser

(in Bezug auf die Einzelnen Kaufobjekte, die von ihm erworben wurden,  
der "Käufer" und zusammen mit allen anderen Käufern der "Käufer")

und

MPT Operating Partnership, L.P.

als Garantiegeber

Verkäufer und Käufer zusammen die "Parteien" und jeweils einzeln eine  
"Partei"

13. September 2013

(in relation to the relevant Individual Purchase Object purchased by it, the  
"Purchaser" and, collectively with all other Purchasers, the "Purchaser")

and

MPT Operating Partnership, L.P.

as Parent Guarantor

the Seller and the Purchaser collectively, the "Parties" and individually a  
"Party"

13 September 2013

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**§ 1  
Grundbuchstand**

1. Der Verkäufer ist im Grundbuch als Eigentümer bzw. Erbbauberechtigter des in Anlage 1.1 (Deed) näher beschriebenen Grundbesitzes eingetragen.
2. Die in Anlage 1.1 aufgeführten Belastungen des in Anlage 1.1 beschriebenen Grundbesitzes in Abteilung II des Grundbuchs werden vom Käufer einschließlich der in den jeweiligen Bewilligungsurkunden enthaltenen schuldrechtlichen Vereinbarungen unter diesbezüglicher Freistellung des Verkäufers mit Wirkung ab dem Tag des Besitzübergangs ohne Anrechnung auf den Kaufpreis übernommen.

Der Verkäufer verpflichtet sich, keine weiteren Belastungen in die Grundbücher eintragen zu lassen und auch keine weiteren Belastungen an denen der Käufer nicht mitgewirkt hat zu bewilligen, mit Ausnahme solcher, die in dieser Urkunde vorgesehen sind.

Belastungen des in Anlage 1.1 beschriebenen Grundbesitzes in Abteilung III des Grundbuchs werden vom Käufer nicht übernommen. Alle Rechte und Ansprüche betreffend die derzeit eingetragenen oder immer noch bestehenden Rechte (z.B. auf Löschung, Rückgewähr oder Briefherausgabe, Eigentümergrundschulden) werden mit Wirkung ab Eigentumswechsel an den Käufer abgetreten.

**Section 1  
Status of the Land Register**

1. The Seller is registered in the land register as the owner and the holder of a hereditary building right of the real properties described in more detail in Annex 1.1 (Deed).
2. The Purchaser assumes the encumbrances of the real properties described in Annex 1.1 as listed in Annex 1.1 for Sec. II of the land register, including the agreements under the law of obligations that are contained in the respective approval deeds for these encumbrances, releasing the Seller in this regard, effective as of the date of Transfer of Possession and without this being charged against the Purchase Price.

The Seller undertakes to refrain from having any other encumbrances registered in the land registers and from approving any further changes other than those with respect to which the Purchaser participated in the creation or as contemplated under this Deed.

Encumbrances of the real property described in Annex 1.1, Sec. III of the land register are not assumed by the Purchaser. All rights and claims concerning of rights that have been entered or are still existing and that concern the object of sale (e.g. regarding the dissolution, restitution or surrender of certificates, owner land charges) are ceded upon the transfer of ownership to the Purchaser.

3. Der Verkäufer stimmt der Löschung/Pfandfreigabe der in Abteilung III des Grundbuchs eingetragenen und nicht vom Käufer übernommenen Belastungen zu. Die Parteien bewilligen und beantragen die Löschung/Pfandfreigabe dieser Belastungen im Grundbuch nach Maßgabe der Bewilligungen der Berechtigten.

Der Notar hat für den vorstehenden Grundbesitz das elektronische Grundbuch am Tag der Beurkundung eingesehen. Auf dieser Grundlage bestätigt der Notar hiermit den in § 1.1 in Verbindung mit Anlage 1.1 aufgeführten Eintragungsstand.

4. Neben den in Abteilung II des Grundbuchs sowie den in Anlage 7.6 aufgeführten Belastungen, übernimmt der Käufer ohne Anrechnung auf den Kaufpreis alle etwa bestehenden Baulasten und sonstige öffentlich-rechtliche Belastungen, Eintragungen im Altlastenkataster und öffentlichen Lasten gemäß § 25 Abs. 6 Bundesbodenschutzgesetz (BBodSchG) und etwaige wasser (haushalts-)rechtliche Pflichten sowie etwa bestehende, nicht im Grundbuch eingetragene Belastungen sowie nachbarrechtliche Beschränkungen. Die Bestimmungen des § 6.2 bleiben hiervon unberührt.

3. The Seller consents to the deletion of the encumbrances/release (*Pfandfreigabe*) of the encumbrances that are recorded in Sec. III of the land register which are not assumed by the Purchaser. The Parties approve (*bewilligen*) and request (*beantragen*) the deletion/release of these encumbrances in the land register in accordance with the consents given by those entitled.

The Notary has examined the electronic land register for the above mentioned real property on the date of the notarisation. Based thereon, the Notary hereby confirms the registration status listed in Sec. 1.1 in conjunction with Annex 1.1.

4. In addition to the encumbrances set forth in Sec. II of the land register and those listed in Annex 7.6, the Purchaser assumes without this being charged against the Purchase Price any and all existing building charges and other public charges, any entries in the register of contaminated sites and public charges under Sec. 25 para. 6 German Soil Protection Act and any obligations under the laws pertaining to water (balance) and waterways as well as any existing encumbrances and restrictions under law relating to neighbours that are not registered in the land register. This is without prejudice to the provisions in Sec. 6.2.

Der Notar hat das Baulastenverzeichnis und das Altlastenkataster nicht eingesehen. Der Notar hat die Parteien darauf hingewiesen, dass sich grundstücksbezogene öffentliche Verpflichtungen aus Eintragungen in bei der zuständigen Behörde geführten Baulastenverzeichnissen und Altlastenkataster ergeben können. Der Käufer wurde auf die Möglichkeit der Einsichtnahme in diese Verzeichnisse hingewiesen und hatte Gelegenheit auf seinen Wunsch eine Vollmacht des Verkäufers zur Einsichtnahme zu erhalten.

## § 2

### Kaufgegenstand; Einzelne Kaufobjekte

1. “Kaufgegenstand” ist der in § 1 in Verbindung mit Anlage 1.1 näher bezeichnete Grundbesitz sowie die dort näher bezeichneten Erbbaurechte, aufgeteilt in die dort näher bezeichneten einzelnen Kaufobjekte (die “Einzelnen Kaufobjekte”).
2. Der Kaufgegenstand umfasst keine Betriebsvorrichtungen im Sinne von § 68 Abs. 2 Satz 1 Nr. 2 BewG. Nicht Teil des Kaufgegenstandes sind außerdem etwaiges Zubehör sowie sonstige bewegliche Sachen, die vorübergehend von dem oder den bisherigen Nutzer(n) des Kaufgegenstandes eingebracht wurden, sowie alle fest verbundenen Sachen, die Scheinbestandteile des Kaufgegenstandes im Sinne von § 95 BGB sind.

The Notary has neither inspected the register of building charges nor the register of contaminated sites. The Notary informed the Parties that public obligations related to the real properties may result from entries in registers of building charges and contaminated sites that are maintained at the competent authority. The Purchaser was informed that it is possible to examine the registers of building charges and contaminated sites and had the opportunity to receive, if requested, an authorization from the Seller to review the registers.

## Section 2

### Purchase Object; Individual Purchase Objects

1. The “Purchase Object” consists of the real properties and hereditary building rights described in more detail in Sec. 1 in conjunction with Annex 1.1, divided into individual purchase objects as further specified therein (the “Individual Purchase Objects”).
2. The Purchase Object does not include business fixtures (*Betriebsvorrichtungen*) within the meaning of Sec. 68 para. 2 sent. 1 no. 2 of the German Valuation Act (*Bewertungsgesetz - BewG*). It does also not include any appurtenances (*Zubehör*) or any other movable items brought in temporarily by the former user(s) of the Purchase Object and such fixed fixtures and fittings which qualify as non-integral parts (*Scheinbestandteile*) of the Purchase Object within the meaning of Sec. 95 German Civil Code (*Bürgerliches Gesetzbuch – BGB*).

3. Soweit der Kaufgegenstand Betriebsvorrichtungen enthält, die wesentliche Bestandteile des Kaufgegenstandes im Sinne der §§ 93, 94 BGB und daher nicht dinglich vom Kaufgegenstand zu trennen sind (die "Festen Einbauten"), vereinbaren die Parteien, dass diese Festen Einbauten dennoch von dem Verkauf gemäß § 3 ausgeschlossen werden. Darüber hinaus vereinbaren die Parteien, dass der Verkäufer ab dem Besitzübergang der wirtschaftliche Eigentümer der Festen Einbauten bleibt, d. h., die Festen Einbauten werden wirtschaftlich weiterhin dem Verkäufer schuldrechtlich zugeordnet und der Verkäufer hat das Aneignungsrecht an den Festen Einbauten, wenn diese von dem Kaufgegenstand getrennt werden.

**§ 3  
Verkauf**

Der Verkäufer verkauft hiermit an den jeweiligen in Anlage 1.1 aufgeführten und dies annehmenden Käufer den Kaufgegenstand.

3. To the extent the Purchase Object contains business fixtures (*Betriebsvorrichtungen*) which qualify as integral parts (*wesentliche Bestandteile*) of the Purchase Object within the meaning of Sec. 93, 94 BGB and which can, therefore, not be separated from the Purchase Object *in rem* (the "Immoveable Fixtures"), the Parties agree that such Immoveable Fixtures shall, nevertheless, be excluded from the sale agreement pursuant to Sec. 3. The Parties further agree that, as from the Transfer of Possession, the Seller shall continue to be the beneficial owner of the Immoveable Fixtures, *i.e.*, the Immoveable Fixtures shall continue to be economically allocated to the Seller on a contractual basis (*schuldrechtlich zugeordnet*), and the Seller shall be entitled to acquire the legal ownership (*Aneignungsrecht*) of the Immoveable Fixtures when being separated (*getrennt*) from the Purchase Object.

**Section 3  
Sale**

The Seller hereby sells to the respective Purchaser specified in Annex 1.1, which accepts the sale, the Purchase Object.



**§ 4  
Kaufpreis**

1. Der “**Gesamtkaufpreis**” für den Kaufgegenstand ist der Gesamtbetrag der Kaufpreise für die in Anlage 1.1 aufgeführten Einzelnen Kaufobjekte, die unter diesem Vertrag an den Käufer übertragen werden. Werden alle Einzelnen Kaufobjekte an den Käufer übertragen werden, beträgt der Gesamtkaufpreis:

**EUR 175.000.000**

(in Worten.: einhundertfünfundsiebzig Millionen Euro)

Der “**Kaufpreis**” für jedes Einzelne Kaufobjekt ergibt sich aus Anlage 1.1.

2. Der Gesamtkaufpreis ist fällig am letzten Bankarbeitstag (Düsseldorf) des Kalendermonats, in dem der Notar dem Käufer bestätigt hat, dass die nachfolgenden Zahlungsvoraussetzungen für den Kaufgegenstand kumulativ gegeben sind (die “**Fälligkeitsmitteilung**”), jedoch frühestens am letzten Bankarbeitstag im Oktober 2013. Die Fälligkeitsmitteilung muss dem Käufer jedoch spätestens zehn (10) Bankarbeitstage vor Ende des Kalendermonats zugehen, damit der Gesamtkaufpreis zum letzten Bankarbeitstag dieses Kalendermonats fällig wird. Geht die Fälligkeitsmitteilung dem Käufer erst später zu, wird der Gesamtkaufpreis erst zum letzten Bankarbeitstag des folgenden Kalendermonats fällig. Der Käufer ist jedoch in diesem Fall zur Zahlung noch im laufenden Kalendermonat (jedoch nicht vor dem letzten Bankarbeitstag im Oktober 2013) berechtigt, um einen Besitzübergang am ersten Kalendertag des Folgemonats herbeizuführen.

- a) Die Eintragung einer Auflassungsvormerkung zu Gunsten des Käufers

**Section 4  
Purchase Price**

1. The “**Total Purchase Price**” for the Purchase Object is the total of the Purchase Prices for those Individual Purchase Objects listed in Annex 1.1 that are transferred to the Purchaser based on this Agreement. In the event that all Individual Purchase Objects are transferred to the Purchaser, the Total Purchase Price amounts to:

**EUR 175,000,000**

(in words: one hundred and seventy five million Euros)

The “**Purchase Price**” for each Individual Purchase Object is specified in Annex 1.1.

2. The Total Purchase Price is due on the last bank working day (Düsseldorf) of the calendar month in which the Notary has confirmed to the Purchaser that the conditions precedent for payment hereinafter enlisted have all been satisfied with respect to the Purchase Object (the “**Maturity Notice**”), however, at the earliest on the last bank working day of October 2013. The Purchaser, however, must receive the Maturity Notice at the latest ten (10) bank working days before the end of the calendar month in order for the Total Purchase Price to become due on the last bank working day of that calendar month. In the event that the Purchaser receives the Maturity Notice after such date, the Total Purchase Price only becomes due on the last bank working day of the following calendar month. In such case, the Purchaser is, however, entitled to pay the Total Purchase Price within the current calendar month (but not before the last bank working day of October 2013) in order to cause Transfer of Possession to occur on the first calendar day of the following month.

- a) The registration with the Land Register of the relevant Individual Purchase Object

im Grundbuch des jeweiligen Einzelnen Kaufobjekts, und zwar mit Rang nur nach den in § 1 in Bezug genommenen Belastungen und nach solchen Belastungen, bei deren Bestellung der Käufer mitgewirkt hat, ist erfolgt.

- b) Dem amtierenden Notar liegen alle erforderlichen Unterlagen für die Löschung der vom Käufer nach diesem Vertrag nicht übernommenen Belastungen in Abteilung II oder Abteilung III des Grundbuchs vor (die Unterlagen sind jeweils in vollzugsfähiger Form und entweder auflagenfrei oder nur unter Auflagen, die aus dem Kaufpreis erfüllt werden können).
- c) Dem amtierenden Notar liegen schriftliche Erklärungen der zuständigen Gemeinden vor, dass gesetzliche Vorkaufsrechte für sie nicht bestehen oder nicht ausgeübt werden, oder die Frist zur Ausübung eines gesetzlichen Vorkaufsrechts gemäß § 28 Abs. 2 Satz 1 BauGB ist abgelaufen.
- d) Die zu diesem Kaufvertrag und seiner Durchführung etwa erforderlichen sonstigen Genehmigungen oder Urkunden (mit Ausnahme der Unbedenklichkeitsbescheinigung des Finanzamtes) liegen vor.
- e) Nur im Hinblick auf das Einzelne Kaufobjekt Nr. 4 [*Park Klinik*]: Die Zustimmung des Erbbaurechtsgebers des Einzelnen Kaufobjekts zu der Veräußerung und Vermietung liegt vor.

of a priority notice of conveyance in favour of the Purchaser ranking only junior to the encumbrances referred to in Sec. 1 and junior to those encumbrances which were created with the cooperation of the Purchaser has occurred.

- b) The officiating Notary has in his possession all necessary documents for the deletion of such encumbrances in Sec. II or in Sec. III of the land register which are not assumed by the Purchaser (such documents all in executable form and either without any conditions or only under conditions that can be fulfilled out of the Purchase Price) pursuant to this Agreement.
- c) The officiating Notary has in his possession written declarations of the relevant local communities that statutory pre-emption rights in their favour do not exist or will not be exercised, or the deadline for the execution of any statutory pre-emption rights as set forth in Sec. 28 para. 2, first sentence of the German Building Code has expired.
- d) Other permits and approvals or deeds required for this Agreement and its implementation (other than clearance certificates from the tax office) are present.
- e) Only with respect to the Individual Purchase Object No. 4 [*Park Klinik*]: The consent of the grantor of the hereditary building right relating to the Individual Purchase Object to the disposal and lease is present.

3. Sofern (i) der Gesamtpreis nicht innerhalb von drei Monaten nach dem heutigen Tag gemäß § 4.2 fällig geworden ist und (ii) eine der Parteien der anderen Partei schriftlich oder per Telefax (mit Kopie an den Notar) anzeigt, dass sie Teilvortrag nach diesem § 4.3 wählt, gilt Folgendes:
- a) Die Kaufpreise für Einzelne Kaufobjekte, die insgesamt mindestens 75% des Gesamt-EBITDARM des Kaufgegenstands gemäß Anlage 1.1 (der "Portfoliogrenzwert") erreichen, sind fällig am letzten Bankarbeitstag (Düsseldorf) des Kalendermonats, in dem der Notar dem Käufer bestätigt hat, dass die in § 4.2 lit. a) – e) genannten Zahlungsverhältnisse für diese Einzelnen Kaufobjekte kumulativ gegeben sind (diese Bestätigung ist dann ebenfalls eine "Fälligkeitsmitteilung"), unter der Voraussetzung, dass diese Einzelnen Kaufobjekte, für die der Notar dem Käufer bestätigt hat, dass die in § 4.2 lit. a) bis e) genannten Zahlungsverhältnisse gegeben sind, die Einzelnen Kaufobjekte Nr. 1 [*Klinik Sonnenwende, Rhein-Haardt-Klinik and Dürkheimer Höhe*], Nr. 2 [*Klaus-Miehlke-Klinik*], Nr. 4 [*Park Klinik*] und Nr. 5 [*Psychotherapeutische Klinik and Fontana Klinik*] miteinbezieht (die "Unabdingbaren Einzel-Mietobjekte"), es sei denn der Käufer hat dem Verkäufer schriftlich (mit Kopie an den Notar) bestätigt, dass er auf die Einbeziehung eines oder mehrerer Unabdingbarer Einzel-Mietobjekte verzichtet.
3. If (i) the Total Purchase Price has not become due pursuant to Sec. 4.2 within three months after the date hereof and (ii) one of the Parties has informed the other Party in writing or by fax (with a copy to the Notary) that it opts for partial closing under this Sec. 4.3, the following shall apply:
- a) The Purchase Prices for Individual Purchase Objects which in the aggregate amount to at least 75% of the total EBITDARM for the Purchase Object as listed in Annex 1.1 (the "Portfolio Threshold") are due on the last bank working day (Düsseldorf) of the calendar month in which the Notary has confirmed to the Purchaser that the conditions precedent for payment listed in Sec. 4.2 lit. a) through e) have all been satisfied with respect to such Individual Purchase Objects (such confirmation also constitutes a "Maturity Notice"), provided that those Individual Purchase Objects for which the Notary has confirmed to the Purchaser that the conditions precedent for payment listed in Sec. 4.2 lit. a) through e) have all been satisfied include the Individual Purchase Objects no. 1 [*Klinik Sonnenwende, Rhein-Haardt-Klinik and Dürkheimer Höhe*], no. 2 [*Klaus-Miehlke-Klinik*], no. 4 [*Park Klinik*] and no. 5 [*Psychotherapeutische Klinik and Fontana Klinik*] (the "Must-Have Individual Leased Objects"), unless the Purchaser has waived the inclusion of one or more of the Must-Have Individual Leased Objects by written notice to the Seller with a copy to the Notary.

- b) Sofern ein Teilvollzug gemäß lit. a) stattgefunden hat, wird der Kaufpreis für ein Einzelnes Kaufobjekt, der nicht nach lit. a) fällig geworden ist, fällig am letzten Bankarbeitstag (Düsseldorf) des Kalendermonats, in dem der Notar dem Käufer bestätigt hat, dass die in § 4.2 lit. a) – e) genannten Zahlungsverhältnisse für das betreffende Einzelne Kaufobjekt kumulativ gegeben sind (diese Bestätigung ist dann ebenfalls eine “Fälligkeitsmitteilung”).
- c) § 4.2 Satz 2 bis 4 gilt jeweils entsprechend.
4. Die Übermittlung der Fälligkeitsmitteilung erfolgt per Telefax (00352 26890169) und Kurier (Absendung durch den Notar per Telefax ist fälligkeitsbegründend). Der Notar wird dem Verkäufer unverzüglich eine Kopie der Fälligkeitsmitteilung zukommen lassen.
5. Der Verkäufer wird dafür Sorge tragen, dass die abzulösenden Grundpfandrechtsgläubiger die entsprechenden Löschungsbewilligungen an den Notar übermitteln und dem Notar die Verbindlichkeiten aus den eingetragenen Grundpfandrechten mitteilen. Der Notar wird die Parteien hierüber sowie über die Bankverbindung(en) auf die der Kaufpreis zu bezahlen ist, in der Fälligkeitsmitteilung informieren. Der Verkäufer ist verpflichtet, die Bankverbindung(en) dem Notar rechtzeitig mitzuteilen.
- b) If a partial closing pursuant to lit. a) has occurred, the Purchase Price for an Individual Purchase Object which has not become due pursuant to lit. a) is due on the last bank working day (Düsseldorf) of the calendar month in which the Notary has confirmed to the Purchaser that the conditions precedent for payment listed in Sec. 4.2 lit. a) through e) have all been satisfied with respect to such Individual Purchase Object (such confirmation also constitutes a “Maturity Notice”).
- c) Sec. 4.2 sentences 2 to 4 shall apply mutatis mutandis.
4. The Maturity Notice shall be transmitted by facsimile (00352 26890169) and courier (with the dispatch of the facsimile by the Notary triggering the maturity). The Notary will provide the Seller without undue delay with a copy of the Maturity Notice.
5. The Seller will ensure that the mortgagees that are to be discharged will send the deletion consents to the Notary and inform the Notary of the liabilities resulting from the registered mortgages. The Notary will inform the Parties in the Maturity Notice thereof of the latter as well as of the details of the bank account(s) to which the Purchase Price must be paid. The Seller is obliged to notify the Notary of the bank account detail(s) in due time.

6. Die Parteien sind sich darüber einig, dass es sich bei der Fälligkeitsmitteilung um ein "vorausgehendes Ereignis" im Sinne von § 286 Abs. 2 Nr. 2 BGB handelt; der Käufer gerät daher in Verzug, wenn er die Zahlung nicht rechtzeitig leistet, ohne dass es einer Mahnung des Verkäufers bedarf. Für die Rechtzeitigkeit einer Zahlung nach dieser Vereinbarung ist das Datum der unwiderruflichen Gutschrift des Geldbetrages auf den benannten Konten maßgeblich. Sofern Zahlungen nicht rechtzeitig geleistet werden, ist der jeweilige Betrag ab Fälligkeit mit 500 Basispunkten über dem gesetzlichen Basiszinssatz (wie in § 247 BGB definiert) zu verzinsen. Der Verkäufer zeigt dem amtierenden Notar und dem Käufer den Eingang des vollständigen Kaufpreises unverzüglich schriftlich an.
7. Der in § 4.1 in Verbindung mit Anlage 1.1 genannte Kaufpreis enthält keine Umsatzsteuer. Verkäufer und Käufer gehen übereinstimmend davon aus, dass es sich bei der Übertragung des Kaufgegenstandes nicht um eine Geschäftsveräußerung im Ganzen im Sinne von § 1 Abs. 1a UStG handelt. Der Verkäufer erklärt weder hiermit noch zukünftig einen vollständigen oder teilweisen Verzicht auf die Umsatzsteuerbefreiung nach § 4 Nr. 9 lit. a UStG hinsichtlich der Veräußerung des Kaufobjekts oder eines Teils der Einzelnen Kaufobjekte mit Ausnahme des Parkhauses, das Teil des Einzelnen Kaufobjekts Nr. 1 ist. Hinsichtlich des Einzelnen Kaufobjekts Nr. 1 gilt § 4.9.
6. The Parties agree that the Maturity Notice is a "preceding event" as defined in Sec. 286 para. 2 No. 2 German Civil Code; therefore, the Purchaser shall be in default if it fails to make the payment on time, without the necessity of a warning from the Seller. With respect to the timeliness of a payment due under this Agreement the date on which the amount of money is irrevocably credited to the accounts specified shall be decisive. If payments are not made on time, interest at a rate of 500 basis points above the legal base interest rate (as defined in Sec. 247 BGB) must be paid on the respective amount beginning from the date on which it becomes due. The Seller will notify the officiating Notary and the Purchaser without undue delay in writing about the receipt of the full Purchase Price.
7. The Purchase Price payable under Sec. 4.1 in conjunction with Annex 1.1 does not contain VAT. Purchaser and Seller share the view that the sale of the Purchase Object does not constitute a transfer of a going concern pursuant to Sec. 1 para 1a UStG. The Seller does not and shall not declare any waiver or partial waiver of the VAT exemption pursuant to Sec. 4 No. 9 lit. a UStG regarding the transfer of the Purchase Object or a certain portion of the Individual Purchase Objects except for the parking garage which forms part of the Individual Purchase Object No. 1. With respect to the Individual Purchase Object No. 1, Sec. 4.9 applies.

8. Für den Fall, dass das Parteiverständnis hinsichtlich des Nicht-Vorliegens einer nicht umsatzsteuerbaren Geschäftsveräußerung im Ganzen vollständig oder teilweise unzutreffend sein sollte und soweit die für den Verkäufer oder den Käufer zuständige Finanzbehörde in einem endgültigen und nicht mehr änderbaren Steuerbescheid entscheidet, dass es sich bei der Übertragung des gesamten oder eines Teils des Kaufobjekts um eine nicht steuerbare Geschäftsveräußerung im Ganzen im Sinne von § 1 Abs. 1a UStG handelt, gilt hinsichtlich der umsatzsteuerlichen Behandlung insoweit Folgendes:

- a) Der Verkäufer hat dem Käufer innerhalb eines angemessenen Zeitraums nach schriftlicher Aufforderung des Käufers alle vorhandenen Unterlagen in Kopie zur Verfügung zu stellen, die für die Durchführung erforderlicher Vorsteuerkorrekturen des Käufers gemäß § 15a UStG benötigt werden.
- b) Soweit Vorsteuerberichtigungen nach § 15a UStG, die auf vor dem Besitzübergang gemäß § 7.1 geänderten Verhältnissen beruhen, nach dem Besitzübergang zu Vorsteuererstattungen führen, hat der Käufer dem Verkäufer die jeweilige Erstattung herauszugeben; dies gilt auch dann, wenn die betreffenden Vorsteuern z. B. wegen Verrechnung mit

8. In case that the assumption of the Parties regarding the non-existence of a non-VATable transfer of a going concern is fully or partially incorrect, and to the extent the tax authority competent for the Seller or the Purchaser decides in a final and irrevocable tax assessment notice that the sale of the Purchase Object or parts thereof is a transfer of a going concern within the meaning of Sec. 1 para. 1a UStG, as regards the VAT treatment, the following shall insofar apply:

- a) The Seller is obliged to provide the Purchaser within due course and upon the Purchaser's written request with copies of all available documents that are necessary for required input-VAT adjustments to be made by the Purchaser pursuant to Sec. 15a UStG.
- b) In case and to the extent that input-VAT adjustments according to Sec. 15a UStG which originate from conditions existing prior to the Transfer of Possession pursuant to Sec. 7.1 trigger input-VAT reimbursements after the Transfer of Possession, the Purchaser shall pay those reimbursements to the Seller; this payment shall also be made in case the input-VAT

Umsatzsteuern des Käufers nicht an den Käufer ausbezahlt werden. Die entsprechenden Zahlungen werden mit Ablauf eines jeden Kalenderjahres fällig. Ansprüche des Verkäufers nach diesem Absatz verjähren nicht vor Ablauf von drei Monaten, nachdem der Käufer ihn über den Erstattungsanspruch schriftlich informiert hat.

- c) Sollte das Finanzamt, eine Berichtigung gemäß § 15a UStG der von dem Verkäufer oder einem Voreigentümer des Kaufobjekts geltend gemachten Vorsteuern verlangen und den Käufer hierfür in Anspruch nehmen, und dies sich nicht daraus ergibt, dass der Käufer das Parkhaus übertragen hat, ohne zur Umsatzsteuer zu optieren, hat der Verkäufer im Innenverhältnis zum Käufer alle insoweit zurückzuerstattenden Vorsteuern zu übernehmen. Die entsprechenden Zahlungen werden mit Ablauf des Kalenderjahres fällig, in dem das Finanzamt die Korrektur des Vorsteuerabzugs durch Bescheid gegenüber dem Käufer festsetzt.
- d) Im Falle von Steuervoranmeldungen / Steuerfestsetzungen mit Wirkung für und gegen den Käufer, durch die eine Berichtigung von Vorsteuerbeträgen vorgenommen wird, hinsichtlich derer ein Anspruch nach diesem § 4.8 in Betracht kommt, ist der Käufer verpflichtet, (i) dem Verkäufer jeweils

reimbursement will not be paid to the Purchaser, e.g. due to the settlement of the reimbursement amount with output-VAT of the Purchaser. The relevant payments will be due at the end of each calendar year. Such claims of the Seller under this paragraph shall become time-barred not before the expiration of three months after the Purchaser has informed the Seller in writing about the existence of such claims.

- c) In case and to the extent that the tax authorities demand from the Purchaser an input-VAT adjustment according to Sec. 15a UStG which relates to input-VAT originally deducted by the Seller or any previous owner of the Purchase Object and which does not result from the Purchaser transferring the Parking Garage without opting to treat such transfer as VATable, the Seller shall pay to the Purchaser all such input-VAT which has to be refunded to the tax authorities. The relevant payments will be due at the end of the calendar year in which the tax authorities issue an assessment notice against the Purchaser regarding the adjustment of such input-VAT.
- d) In case of tax selfassessments by / tax assessments with effect in favour of or against the Purchaser which provide for input-VAT adjustments that may cause a claim under this Sec. 4.8 of this deed, the Purchaser is obliged (i) to provide the Seller without undue

unverzöglich nach Einreichung beim Finanzamt / Bekanntgabe des Bescheides durch das Finanzamt Kopien der relevanten Dokumente zukommen zu lassen und (ii) auf Verlangen des Verkäufers unverzüglich Rechtsbehelfe gegen Umsatzsteuerbescheide / Voranmeldungen einzulegen und unter Berücksichtigung der Interessen des Verkäufers durchzuführen.

9. Im Hinblick auf das Einzelne Kaufobjekt Nr. 1 [*Klinik Sonnenwende, Rhein-Haardt-Klinik and Dürkheimer Höhe*] gilt Folgendes:

Der Verkäufer verzichtet hiermit unbedingte hinsichtlich der Veräußerung eines Teils des Einzelnen Kaufobjekts Nr. 1 wie folgt gemäß § 9 UStG auf die Umsatzsteuerbefreiung nach § 4 Nr. 9 lit. a UStG (Teiloption):

- a) Die Parteien gehen übereinstimmend davon aus, dass der in Anlage 4.9 beschriebene Teil der vermietbaren Flächen des Einzelnen Kaufobjekts Nr. 1 (das "Parkhaus") für nicht-vorsteuerschädliche Zwecke genutzt wird.
- b) Der Verkäufer übt die Teiloption für das Parkhaus aus, so dass entsprechend die vermietbaren Flächen des Einzelnen Kaufobjekts Nr. 1, die das Parkhaus darstellen, umsatzsteuerpflichtig übertragen werden. Verkäufer und Käufer gehen übereinstimmend

delay after the submission to / the notification by the tax office with copies of the relevant documents and (ii) to file a legal objection notice (*Rechtsbehelf*) against VAT assessments / self-assessments without undue delay upon request of the Seller and to conduct the legal remedy procedures taking into account the Seller's interests.

9. With respect to the Individual Purchase Object no. 1 [*Klinik Sonnenwende, Rhein-Haardt-Klinik and Dürkheimer Höhe*], the following shall apply:

The Seller herewith declares unconditionally (*unbedingt*) pursuant to Sec. 9 UStG the partial waiver (Teiloption) of the VAT exemption pursuant to Sec. 4 No. 9 lit. a UStG regarding the transfer of a certain portion of the Individual Purchase Object no. 1 as follows:

- a) The Parties share the view that a portion of the rentable areas of the Individual Purchase Object no. 1 as described in Annex 4.9 (the "Parking Garage") is used for purposes which do not exclude an input VAT deduction.
- b) The Seller exercises the partial option for the Parking Garage such that correspondingly the rentable areas of the Individual Purchase Object no. 1 which form the Parking Garage shall be transferred subject to VAT. Seller and Purchaser share the view that a



davon aus, dass ein bestimmter Anteil des für das Einzelne Kaufobjekt Nr. 1 zu zahlenden Kaufpreises, nämlich ein Teilkaufpreis in Höhe von EUR 1.473.000, der auf das Parkhaus entfällt, der Umsatzsteuer unterliegt.

- c) Sollte das zuständige Finanzamt den von dem Verkäufer erklärten Teilverzicht auf die Steuerbefreiung ganz oder teilweise nicht anerkennen, ist der Verkäufer berechtigt, den Verzicht auf die Steuerbefreiung im Rahmen einer notariell zu beurkundenden Vertragsergänzung zu erklären, an der der Käufer mitwirken wird, im größtmöglichen rechtlich zulässigen Umfang und nach Maßgabe der Anforderungen des zuständigen Finanzamts.

Den Parteien ist bewusst, dass aufgrund der Option die Steuerverbindlichkeit hinsichtlich der Übertragung des Parkhauses gemäß § 13b UStG auf den Käufer übergeht. In diesem Fall ist der Verkäufer verpflichtet, dem Käufer eine NettoRechnung auszustellen, in der auf die Steuerschuldnerschaft des Leistungsempfängers gemäß § 13b UStG hingewiesen wird. Der Käufer ist verpflichtet, die Umsatzsteuer auf den Kaufpreis zu erklären und den entsprechenden Betrag an die zuständige Finanzbehörde zu zahlen.

10. Der Käufer versichert im Hinblick auf § 4.9, dass er Unternehmer im Sinne des UStG ist und der Erwerb des Parkhauses in vollem Umfang für sein Unternehmen erfolgt.

certain share of the purchase price payable for the Individual Purchase Object no. 1, i.e. a partial purchase price attributable to the Parking Garage in the amount of EUR 1,473,000 shall be subject to VAT.

- c) If the competent tax authority does not accept (fully or partially) the above declaration of the Seller regarding the partial waiver of the VAT exemption, then the Seller is entitled to declare a waiver of the VAT exemption in a notarial supplementary deed, to which the Purchaser shall assist, to the furthest extent legally permissible and according to the requirements of the competent tax authority.

The Parties are aware of the fact that due to the option above the tax liability according to Section 13b UStG subrogates to the Purchaser with respect to the sale of the Parking Garage. In this case the Seller is obliged to make out a net-invoice for the Purchaser, which indicates the transfer of the tax liability according to Section 13b UStG (*Steuerschuldnerschaft des Leistungsempfängers*). The Purchaser is obliged to assess the VAT on the purchase price and to pay the amount to the responsible tax office.

10. The Purchaser declares with respect to Sec. 4.9 above that it is an entrepreneur within the meaning of the UStG and that the acquisition of the Parking Garage is fully made for its enterprise.

11. Der Verkäufer stellt den Käufer von einer etwaigen Haftung des Käufers gemäß § 75 AO frei. Der Käufer ist verpflichtet, (i) dem Verkäufer die entsprechenden Steuer- oder Haftungsbescheide unverzüglich in Kopie zuzuleiten, (ii) auf Kosten des Verkäufers fristgerecht Rechtsbehelfe einzulegen, sofern der Verkäufer dies fordert und (iii) das Rechtsbehelfsverfahren nach den Vorgaben des Verkäufers zu führen. Die Kosten des Rechtsbehelfsverfahrens trägt der Verkäufer.
  12. Der Käufer unterwirft sich hiermit gegenüber dem Verkäufer wegen der Zahlung des Kaufpreises für jedes Einzelne Kaufobjekt nebst 500 Basispunkten über dem Basiszinssatz Zinsen pro Jahr (wie in § 247 BGB definiert) ab dem heutigen Tag der sofortigen Zwangsvollstreckung aus dieser Urkunde in sein gesamtes Vermögen. Der Notar kann ab dem Zeitpunkt der Abgabe der Fälligkeitsmitteilung dem Verkäufer ohne das weitere Nachweise erforderlich sind, eine vollstreckbare Ausfertigung dieser Urkunde auf Kosten des Käufers erteilen. Eine Beweislastumkehr ist damit nicht verbunden.
  13. Die Aufrechnung sowie die Geltendmachung von Zurückbehaltungs- und Leistungsverweigerungsrechten gegenüber der Kaufpreisforderung ist ausgeschlossen, es sei denn, die Aufrechnung oder Zurückbehaltungs- oder Leistungsverweigerungsrechte werden auf unbestrittene oder rechtskräftig festgestellte Forderungen gestützt.
11. The Seller shall indemnify the Purchaser from a potential liability of the Purchaser pursuant to Sec. 75 AO. The Purchaser is obliged (i) to send the Seller without undue delay a copy of the respective tax assessment notice or liability claim notice, (ii) to file in due course a legal objection notice upon request and at the expense of the Seller and (iii) to conduct the legal remedy procedures as instructed by the Seller. The costs of the legal remedy procedures shall be borne by the Seller.
  12. With respect to the payment of the Purchase Price for each Individual Purchase Object plus interest thereon from the date hereof at a rate of 500 basis points above the legal base interest rate (as defined in Sec. 247 BGB) per annum, the Purchaser hereby submits itself vis-à-vis Seller to immediate enforcement under this deed in its entire assets. The Notary can grant an enforceable official copy of this deed to the Seller at the cost of the Purchaser after issuance of the Maturity Notice without any further proof being required. This shall not operate as a reversal of the burden of proof.
  13. Netting and the assertion of rights of retention and rights to withhold payment against the Purchase Price claim are excluded unless the netting or the assertion of rights of retention or rights to withhold payment are based on obligations that are undisputed or *res judicata*.

**§ 5**  
**Sicherheit der Muttergesellschaft**

Die MPT Operating Partnership, L.P. garantiert dem Verkäufer hiermit unwiderruflich, dass der Käufer seine Pflicht zur Zahlung einer Vertragsstrafe nach §§ 14.3 bis 14.6 rechtzeitig erfüllen wird.

**§ 6**  
**Rechte des Käufers bei Mängeln**

1. Der Kaufgegenstand mit den aufstehenden Gebäuden wird in dem bestehenden Zustand übergeben. Der Käufer hatte ausreichend Gelegenheit den Zustand zu untersuchen.

Die Parteien haben über die Haftung des Verkäufers im Falle von Mängeln des Kaufgegenstands verhandelt und sich geeinigt, von dem gesetzlichen Haftungsregime abzuweichen und stattdessen ein separates und abschließendes Haftungsregime in diesem Kaufvertrag vorzusehen. Ansprüche und Rechte des Käufers wegen Sach- und Rechtsmängeln des Kaufgegenstands sind danach ausgeschlossen, sofern und soweit nicht untenstehend unter § 6.2 eine Garantie (im Sinne von § 311 Abs. 1 BGB) übernommen wurde. Insbesondere sind die gesetzlichen Gewährleistungsansprüche der Käuferin (§§ 434 ff. BGB), nicht ausdrücklich in diesem Vertrag enthaltene

**Section 5**  
**Parent Guarantee**

MPT Operating Partnership, L.P. hereby irrevocably guarantees to the Seller that the Purchaser will perform its obligations to pay liquidated damages under Sec. 14.3 through Sec. 14.6 in good time (*Erfüllungsgarantie*).

**Section 6**  
**Rights of the Purchaser in the case of Defects**

1. The Purchase Object with the buildings on it is transferred in the current condition. The Purchaser had sufficient opportunity to investigate such condition.

The Parties have negotiated to what extent and how the Seller should be liable for defects of the Purchase Object and agreed to depart from the statutory system of liability, and in its place to provide for a separate and conclusive system of liability in this Agreement. Claims and rights of the Purchaser for defects of quality and title of the Purchase Object are therefore excluded if, and to the extent that, the Seller has not assumed a guarantee (within the meaning of Sec. 311 para. 1 German Civil Code (*BGB*) in accordance with Sec. 6.2 below. Particularly, the statutory representations and warranties (Sec. 434 et seq. of the German Civil Code (*BGB*)), any statutory pre-contractual or contractual obligations

Ansprüche aus der Verletzung vertraglicher oder vorvertraglicher Verpflichtungen (§ 311 Abs. 1 und 2 BGB), wegen Störung der Geschäftsgrundlage (§ 313 BGB) oder aus deliktischer Haftung § 823 ff. BGB) sowie das Recht auf Anfechtung des Käufers ausgeschlossen. Bei den Garantien nach § 6.2 handelt es sich nicht um Garantien für die Beschaffenheit oder Haltbarkeit der Sache im Sinne von §§ 443 f. BGB.

2. Der Verkäufer garantiert (im Sinne von § 311 Abs. 1 BGB), dass, soweit nicht in Anlage 6.2 offengelegt, jedoch unbeschadet § 6.7 letzter Absatz, zum heutigen Tage (soweit eine Garantie nicht ausdrücklich den Besitzübergang in Bezug nimmt) dass
  - a) zum heutigen Tage, am Tage des Besitzübergangs sowie am Tage der Eigentumsumschreibung im Grundbuch, der Verkäufer der Eigentümer des Kaufgegenstandes ist, welcher, mit Ausnahme der in Anlage 1.1 genannten, frei ist von jeglichen Belastungen in Abteilung II und III des Grundbuchs;
  - b) nach seiner Kenntnis der Kaufgegenstand nicht von Dritten überbaut ist und Grundstücke Dritter nicht von dem Kaufgegenstand aus überbaut sind;
  - c) zum Besitzübergang alle den Kaufgegenstand betreffenden fälligen Steuern, Abgaben beziehungsweise

(Sec. 311 (1) and (2) of the German Civil Code (BGB)) not explicitly contained in this Agreement, any claims for frustration of contract (Sec. 313 of the German Civil Code) or arising from tort (Sec. 823 et seq. of the German Civil Code) and the Purchaser's right to avoid the contract are hereby excluded. The guarantees under Sec. 6.2 shall not be construed as a guarantee for the quality or durability of the object within the meaning of Sec. 443 et. seq. BGB.

2. Except as disclosed in Annex 6.2 but without prejudice to the last paragraph of Sec. 6.7, the Seller hereby guarantees (within the meaning of Sec. 311 para. 1 German Civil Code) as of the date hereof (unless a guarantee explicitly refers to the date of Transfer of Possession) that
  - a) as of the date hereof, as of the Transfer of Possession and as of the date of registration of the transfer of title in the land register, the Seller is the owner of the Purchase Object, free of any encumbrances in Sec. II and III of the land register other than those listed in Annex 1.1;
  - b) to its knowledge, the Purchase Object is not overbuilt by third parties and third-party properties are not overbuilt by the Purchase Object;
  - c) as of the Transfer of Possession, all due taxes, duties or public charges including interest with regard to or in

öffentlichen Lasten einschließlich Zinsen vollständig geleistet sind und diesbezüglich keine Rückstände bestehen; diesbezüglich stellt der Verkäufer den Käufer von jeglichen Ansprüchen frei;

- d) nach seiner Kenntnis keine unerledigten Auflagen der Versorgungsunternehmen (Strom, Gas, Wasser und Abwasser oder Müllabfuhr) oder unerledigte Auflagen öffentlich-rechtlicher Art durch die zuständigen Behörden für den Kaufgegenstand bestehen, die einzeln einen Betrag von EUR 10.000 übersteigen;
- e) nach seiner Kenntnis keine Urheberrechte von Architekten in Bezug auf den Kaufgegenstand bestehen, welche einen etwaigen Umbau der Gebäude untersagen;
- f) hinsichtlich des Kaufgegenstands zum Zeitpunkt des Besitzübergangs keine Arbeitsverhältnisse bestehen, die aufgrund des Rechtsübergangs des Kaufgegenstands auf den Käufer auf diesen übergehen; der Verkäufer wird den Käufer diesbezüglich von allen Ansprüchen solcher Arbeitnehmer oder im Zusammenhang mit diesen Arbeitnehmern freistellen;
- g) in den letzten zwei Jahren vor Abschluss dieses Vertrages keine nachbarrechtlichen Beanstandungen in Bezug auf den Kaufgegenstand schriftlich angekündigt wurden und keine Prozesse diesbezüglich rechtshängig oder schriftlich angedroht

connection with the Purchase Object have been paid in full and there are no arrears in this respect; with respect to this the Seller shall indemnify the Purchaser from all claims;

- d) to its knowledge no outstanding requirements by the utility companies exist (electricity, gas, water and wastewater or waste disposal) and no outstanding public requirements by the competent authorities exist with respect to the Purchase Object the costs of which individually exceed an amount of EUR 10,000;
- e) to its knowledge, there are no copy rights of architects with respect to the Purchase Object which would prohibit any modifications of the buildings;
- f) as of the date of Transfer of Possession, no employer-employee relationships exists with respect to the Purchase Object that devolve to the Purchaser due to the transfer of title to the Purchase Object; with respect to this the Seller shall indemnify the Purchaser from all claims by such employees or related to those employees;
- g) no complaints under neighbor law with regard to the Purchase Object have been declared in writing within the last two years before the conclusion of this Agreement and no pending litigation exists or has been threatened in writing in this regard. To its knowledge, the preceding sentence is also true for the time more than two years ago;

sind. Nach seiner Kenntnis trifft der vorstehende Satz auch für einen längeren Zeitraum als zwei Jahre zu;

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| h) nach seiner Kenntnis keine den Kaufgegenstand belastenden Baulasten bestehen;  | h) to its knowledge there are no building charges encumbering the Purchase Object;  |
| i) nach seiner Kenntnis keine den Kaufgegenstand belastenden altrechtlichen und im Grundbuch nicht eingetragenen oder nicht eintragungspflichtige Dienstbarkeiten bestehen;   | i) to its knowledge there are no easements under old law encumbering the Purchase Object that are not registered or not to be registered with the land register;  |
| j) nach seiner Kenntnis keine Eintragungen für den Kaufgegenstand im Altlastenkataster bestehen;  | j) there are no entries in the register of contaminated sites with respect to the Purchase Object;  |
| k) zum Zeitpunkt des Besitzübergangs keine Miet- oder sonstigen Verträge zwischen dem Verkäufer und Dritten hinsichtlich der Nutzung des Kaufgegenstandes bestehen (mit Ausnahme etwaiger gemäß dem in <u>Annex B</u> enthaltenen Mietvertrag zulässiger Untermietverhältnisse mit den Untermietern (wie dort definiert)) und dass keine Miet- oder sonstigen Verträge über die Nutzung im Hinblick auf den Kaufgegenstand bestehen, welche den Mietzins an den Ertrag des Mieters koppeln; | k) as of the Transfer of Possession there are no lease agreements or other agreements on usage between the Seller and third parties with respect to the Purchase Object (other than any subleases with the Subtenants (as defined in and) permitted under the lease agreement contained in <u>Annex B</u> and there are no lease agreements or other agreements on usage with respect to the Purchase Object that tie the rent to the profit of the tenant; |
| l) ihm bei Besichtigung nicht erkennbare Mängel des Kaufgegenstands, insbesondere ein Schädlingsbefall oder Schwammbestand, nicht bekannt sind;   | l) it has no knowledge regarding defects of the Purchase Object which are not detectable on inspection, in particular pest infestation or existence of dry rot;   |

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| <p>m) im Hinblick auf den Kaufgegenstand sämtliche Erschließungskosten und die Anschluss- und Benutzungsgebühren, die in den letzten zwei Jahren vor Abschluss dieses Vertrages angefallen und fällig geworden sind, bei Fälligkeit gezahlt wurden (bzw. bei Fälligkeit vor dem Besitzübergang gezahlt werden);</p> <p>n) im Hinblick auf den Kaufgegenstand keine Abrissverfügung oder Nutzungsuntersagung ergangen ist oder schriftlich von den zuständigen Behörden angedroht wurde;</p> <p>o) im Hinblick auf den Kaufgegenstand keine wesentlichen nicht erfüllten behördlichen Ordnungsverfügungen und Auflagen bestehen, die in den letzten zwei Jahren vor Abschluss dieses Vertrages erlassen wurden und die einzeln einen Betrag von EUR 10.000 übersteigen, und nach Kenntnis des Verkäufers keine solchen Ordnungsverfügungen und Auflagen vor diesem Zeitraum erlassen wurden;</p> <p>p) nach seiner Kenntnis (i) sich der Kaufgegenstand nicht in einem Umverteilungs-, Entwicklungs-, Stadterneuerungs- oder Stadtsanierungsgebiet befindet und (ii) diesbezüglich keine Verfahren eingeleitet worden sind;</p> <p>q) nach seiner Kenntnis die in <u>Anlage 6.2 q)</u></p> | <p>m) with respect to the Purchase Object, all development costs (<i>Erschließungskosten</i>) and the costs for supply and disposal measures (<i>Anschluss- und Benutzungsgebühren</i>) which have accrued and become due within the last two years before the conclusion of this Agreement have been paid when due (or will be paid when they become due prior to the Transfer of Possession);</p> <p>n) with respect to the Purchase Object no demolition order (<i>Abrissverfügung</i>) or prohibition of use (<i>Nutzungsuntersagung</i>) has been issued or threatened in writing by the competent authorities;</p> <p>o) with respect to the Purchase Object there are no other material unperformed official orders or conditions (<i>behördliche Ordnungsverfügungen und Auflagen</i>) issued within the last two years before the conclusion of this Agreement the costs of which individually exceed an amount of EUR 10,000, and to the Seller's knowledge, no such orders or conditions have been issued prior to that period;</p> <p>p) to its knowledge (i) the Purchase Object is not located in an area of redistribution, development, urban renewal or redevelopment and (ii) no relating proceedings have been initiated;</p> <p>q) to its knowledge the financial information</p> |
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aufgeführten Finanzinformationen, die dem Käufer vor dem Datum dieses Vertrages im Zuge des Due Diligence-Verfahrens zur Verfügung gestellt wurden, zum jeweiligen Erstellungsdatum in jeder wesentlichen Hinsicht zutreffend waren, jedoch mit der Maßgabe, dass der Verkäufer keine Garantie hinsichtlich irgendwelcher Prognosen, Schätzungen oder Budgets künftiger Erträge, Einkünfte oder Kosten des Verkäufers, seiner verbundenen Unternehmen und/oder des Kaufgegenstandes abgibt.

- r) nach seiner Kenntnis enthalten die schuldrechtlichen Regelungen, welche Teil der Bewilligungsurkunden sind, die den in Anlage 1.1 aufgelisteten Belastungen in Abteilung II des Grundbuchs zugrunde liegen, keine Verpflichtungen, die für diese Art der Belastungen zum Zeitpunkt der Eintragung nicht üblich waren; und
- s) nach seiner Kenntnis keine öffentlichen Beihilfen hinsichtlich des Kaufgegenstandes gewährt wurden, die zurückzuerstatten sind oder aufgrund derer dem Eigentümer Verpflichtungen auferlegt wurden.
- t) Weder der Verkäufer, noch – nach seiner Kenntnis – ein vorheriger Eigentümer der Einzelnen Kaufobjekte hat hinsichtlich der Einzelnen Kaufobjekte Vorsteuerabzüge getätigt.

listed in Annex 6.2 g) which was provided to the Purchaser prior to the date hereof as part of the due diligence process was accurate as of its respective date in all material respects, provided, however, that the Seller gives no guarantee with respect to any projections, estimates or budgets of future revenues, earnings or costs of the Seller, its affiliates and/or the Purchase Object;

- r) to its knowledge, the agreements under the law of obligations that are contained in the respective approval deeds for the encumbrances of the Purchase Object as listed in Annex 1.1 for Sec. II of the land register, do not contain obligations of the owner which were not customary for these types of encumbrances at the time of their registration; and
- s) to its knowledge, no public subsidies (*Beihilfen*) have been granted with regard to the Purchase Object which are repayable or still impose obligations on the owner of the Purchase Object.
- t) Neither the Seller – nor to its knowledge - any previous owner of any of the Individual Purchase Objects has deducted input VAT attributable to any of the Individual Purchase Objects.



Soweit in diesem Kaufvertrag (insbesondere in diesem § 6.2) auf die Kenntnis des Verkäufers abgestellt wird, ist allein die positive Kenntnis nach ordnungsgemäß erfolgten internen Nachforschungen, der derzeitigen Geschäftsführer des Verkäufers, Herr Dr. André M. Schmidt und Herr Roland Seebauer, sowie die Kenntnis von Herrn Klaus-Dieter Stocker, Chief Operating Officer des Verkäufers, relevant.

3. Der Verkäufer haftet insbesondere nicht für das Flächenmaß oder die Verwendbarkeit des Kaufgegenstands durch den Käufer für andere Zwecke als den Mietvertrag in Annex B.

Der Käufer erkennt an, dass für den Kaufgegenstand möglicherweise Urheberrechte bestehen und sich hieraus Einschränkungen für bauliche Änderungen des auf dem Kaufgegenstand errichteten Gebäudes ergeben können. Der Verkäufer überträgt, soweit er Inhaber von Nutzungs- und Änderungsrechte an etwaigen den Kaufgegenstand betreffenden urheberrechtlich geschützten Leistungen ist, diese Rechte mit Wirkung ab Besitzübergang an den dies annehmenden Käufer. Eine Haftung des Verkäufers wegen etwa bestehender Urheberrechte ist ausgeschlossen.

4. Ferner haftet der Verkäufer nicht für Altlasten, die nicht von ihm oder seinen früheren oder derzeitigen verbundenen Unternehmen verursacht wurden.

To the extent this Agreement (in particular this Sec. 6.2) makes reference to the knowledge of the Seller, only the actual knowledge after making due internal inquiries as appropriate of the incumbent managing directors of the Seller, Dr. André M. Schmidt and Mr. Roland Seebauer, as well as the knowledge of Mr. Klaus-Dieter Stocker, chief operating officer of the Seller, shall be relevant.

3. The Seller is in particular not liable for the square measures or the usability of the Purchase Object by the Purchaser for any purpose other than for the lease agreement contained in Annex B.

The Purchaser acknowledges that there may possibly be intellectual property rights in existence with respect to the Purchase Object resulting in restrictions concerning structural modifications of the building erected on the Purchase Object. To the extent the Seller owns any usage and alteration rights regarding any services with respect to the Purchase Object which are subject to intellectual property rights, the Seller transfers such rights to the Purchaser with effect as of the Transfer of Possession, and the Purchaser accepts such transfer. Any liability of the Seller with respect to any existing intellectual property rights shall be excluded.

4. The Seller is also not liable for any contamination not caused by the Seller or any of its past or present affiliates.

Der Verkäufer hat dem Käufer eine Kopie des technischen Reports von Valteq THP im Datenraum zur Verfügung gestellt (der "Technische Report"). Die Parteien vereinbaren, dass der Verkäufer keine Haftung übernimmt für sich aus dem Technischen Report etwa ergebende Altlasten, Bergschäden oder Bodendenkmäler oder für die Richtigkeit des Technischen Report, insbesondere dafür, dass er alle etwa vorhandenen Altlasten, Bergschäden oder Bodendenkmäler richtig und vollständig erfasst. Der Verkäufer hat keine Kenntnis von anderen als den in dem Technischen Report genannten Altlasten, Bergschäden oder Bodendenkmälern.

Altlasten im Sinne dieses Kaufvertrags sind Boden-, Bodenluft- und Grundwasserverunreinigungen, Gebäudeverunreinigungen sowie Schadstoffe im und am Gebäude (wie z. B. Asbest oder kontaminierte technische Gebäudeeinrichtungen), insbesondere

- a) schädliche Bodenveränderungen i. S. v. § 2 Abs. 3 BBodSchG;
- b) Altlasten i.S.v. § 2 Abs. 5 BBodSchG;
- c) im Boden eingeschlossene Gebäude, Gebäudereste, technische Anlagen und Kampfstoffe;
- d) die Gesundheit oder die Umwelt gefährdende Stoffe im Sinne des § 3a Chemikaliengesetz und/oder des § 4 Gefahrstoffverordnung sowie solche

The Seller has provided the Purchaser with a copy of the technical report prepared by Valteq THP in the Data Room (the "Technical Report"). The Parties agree that the Seller shall have no liability whatsoever regarding contaminations, mining damages or underground monuments referred to in the Technical Report or the correctness of such Technical Report, in particular, that it correctly and completely covers any and all contaminations, mining damages or underground monuments. The Seller has no knowledge of any contaminations, mining damages or underground monuments other than those mentioned in the Technical Report.

Contaminations within the meaning of this Agreement are contaminations of soil, ground-level air, and groundwater, building contaminations and toxins in and on the building (such as asbestos or contaminated technical fixtures of the building), including but not limited to

- a) harmful changes to the soil within the meaning of Sec. 2 para. 3 BBodSchG;
- b) contaminations within the meaning of Sec. 2 para. 5 BBodSchG;
- c) buildings, remnants of buildings, technical systems, and warfare agents that are enclosed in the soil;
- d) substances hazardous to health or the environment as defined in Sec. 3a of the German Chemicals Act and/or Sec. 4 of the German Hazardous

Stoffe, die nach dem Abfallrecht der Länder oder des Bundes einer besonderen Beseitigungspflicht unterliegen.

Substances Ordinance as well as such substances which are subject to a special disposal obligation in accordance to the waste law of the state of Germany or its federal states.

Wird der Verkäufer wegen etwaiger nicht von ihm oder seinen früheren oder derzeitigen verbundenen Unternehmen verursachten Altlasten öffentlich-rechtlich und/oder privatrechtlich in Anspruch genommen, hat der Käufer den Verkäufer ab dem Tag des Besitzübergangs von den Kosten dieser Inanspruchnahme uneingeschränkt freizustellen. Wird der Verkäufer von der zuständigen Behörde und/oder privatrechtlich zur Durchführung von Gefahrforschungs-, Untersuchungs-, Sanierungsmaßnahmen (z.B. Dekontaminations- und Sicherungsmaßnahmen) und/oder sonstiger Maßnahmen hinsichtlich Altlasten in Bezug auf den Kaufgegenstand ab dem Tag des Besitzübergangs des jeweils betroffenen Einzelnen Kaufobjekts herangezogen, hat der Käufer diese einschließlich aller damit in Zusammenhang stehenden Maßnahmen (z.B. Informationsverpflichtung gegenüber Betroffenen) auf eigene Kosten durchzuführen, wenn es der Verkäufer von ihm verlangt. Die Freistellung umfasst auch die Kosten und Aufwendungen zur Rechtsverteidigung gegen solche Maßnahmen, die in Abstimmung mit dem Käufer erfolgen muss.

If claims are asserted against the Seller - under public law and/or private law for any preexisting contamination not caused by the Seller or any of its past or present affiliates, the Purchaser must, from the date of Transfer of Possession, indemnify the Seller with respect to the costs related to such claims without any restrictions. If the Seller is required by relevant public authorities and/or under private law to carry out investigations on risks, examination and cleanup measures (e.g., decontamination and security measures) and/or other measures with regard to such preexisting contamination with regard to the Purchase Object after the date of Transfer of Possession of the relevant Individual Purchase Object, the Purchaser must carry these out at its own costs, including all related measures (e.g., obligation to provide information to affected parties) if requested to do so by the Seller. The indemnity also covers the costs and expenses of the legal defense against such measures which must be conducted in coordination with the Purchaser.

Für den Fall, dass Altlasten gefunden werden, vereinbaren die Parteien, sich hierüber gegenseitig unverzüglich schriftlich zu informieren

If contamination is found, the Parties agree to notify one another immediately about this in writing.

Der Käufer verpflichtet sich, bei einer Veräußerung des Kaufgegenstands oder Einzelner Kaufobjekte an einen Nacherwerber einen Ausgleichsanspruch des Nacherwerbers gegenüber dem Verkäufer auszuschließen und den Nacherwerber zu verpflichten, den Verkäufer von Kosten für die vorgenannten Maßnahmen freizustellen, so dass der Verkäufer einem Nacherwerber gegenüber nicht für die Kosten der vorgenannten Maßnahmen haftet. Der Käufer wird zudem den Nacherwerber in gleicher Weise (mit Weitergabeverpflichtung) verpflichten. Bei Verletzung dieser Pflicht wird der Käufer den Verkäufer von Ansprüchen eines Nacherwerbers bzw. eines weiteren Erwerbers freistellen.

Einen etwaigen Ausgleichsanspruch gemäß § 24 Abs. 2 BBodSchG oder auf Gesamtschuldnerausgleich in Verbindung mit einer Inanspruchnahme nach § 22 WHG oder sonstige Ausgleichsansprüche auf Grund ähnlicher öffentlichrechtlicher Vorschriften für Altlasten, die nicht vom Verkäufer oder einem früher oder derzeit verbundenen Unternehmen verursacht wurden (insgesamt der "Ausgleichsanspruch"), wird der Käufer nicht geltend machen. Der Verkäufer nimmt diesen Verzicht an.

Vorstehender Schadensersatzanspruch und die Freistellungsverpflichtung sowie der Verzicht auf etwaige Ausgleichsansprüche gelten unmittelbar auch zugunsten solcher Personen, die für eine

In the case of a sale of the Purchase Object or Individual Purchase Objects to a subsequent purchaser, the Purchaser undertakes to exclude a Compensation Claim by the subsequent purchaser against the Seller and to oblige the subsequent purchaser to indemnify the Seller against the costs of the above mentioned measures so that the Seller is not liable to a subsequent purchaser for the costs of the above mentioned measures. The Purchaser will also impose the same obligation (with the obligation to further transfer such obligation) on the subsequent purchaser. In the case of a violation of this obligation, the Purchaser shall indemnify the Seller against claims of a subsequent purchaser and/or any further purchaser.

The Purchaser will not assert any compensation claim under Sec. 24 para. 2 German Soil Protection Act (*BBodSchG*) or for compensation of joint and several debtors in connection with a liability pursuant to Sec. 22 of the Federal Water Protection Act or other compensation claims based on similar public law rules for contaminations not caused by the Seller or any of its past or present affiliates (collectively the "Compensation Claim"). The Seller accepts this waiver.

The above claim for damages, the indemnification obligation, and the waiver of any Compensation Claims shall also apply directly for the benefit of persons who are liable with respect to the Seller's responsible

Verantwortlichkeit des Verkäufers wegen Altlasten aus handelsrechtlichem oder gesellschaftsrechtlichem Rechtsgrund einzustehen haben. Die jeweiligen Personen sind aus dieser Vereinbarung unmittelbar berechtigt. Die Verjährung von Freistellungsansprüchen / Ersatzansprüchen beginnt frühestens mit der Inanspruchnahme der Berechtigten der vorstehenden Regelung.

Vorstehende Regelungen gelten entsprechend bei dem Vorhandensein von Bergschäden oder Bodendenkmälern.

5. Soweit den Verkäufer eine Haftung für eine Garantieverletzung treffen sollte, verpflichtet sich der Verkäufer, den vertragsgemäßen Zustand herzustellen oder, nach Wahl des Verkäufers, den Verlust oder Schaden zu ersetzen. Dies gilt nur, wenn der Garantieverstoß zu einem Verlust oder Schaden des Käufers von mindestens EUR 250.000 im Einzelfall führt ("De Minimis") und wenn und soweit entsprechend zu berücksichtigende Einzelschäden insgesamt einen Betrag von EUR 2.000.000 des Gesamtpreises übersteigen ("Basket"), in diesem Fall ist dem Käufer der gesamte Schaden zu ersetzen. Die Haftung des Verkäufers für Garantieverletzungen und aus sonstigem Rechtsgrund aus oder im Zusammenhang mit diesem Kaufvertrag ist insgesamt auf 15 % des Gesamtpreises begrenzt.

Die vorstehenden Begrenzungen gelten nicht für die Haftung des Verkäufers für einen Verstoß der gemäß § 6.2 lit. a) gegebenen

for contamination on legal grounds based on commercial law or corporate law. The respective persons are granted rights directly under this Agreement. The statute of limitations with regard to claims for indemnification/ compensation shall commence no earlier than at the time any claims are raised against the beneficiaries of the proceeding indemnities / claims for compensation.

The above provisions shall apply *mutatis mutandis* if there are mining damages or underground monuments.

5. If the Seller has any liability for a breach of guarantee, the Seller agrees to restore the condition as specified in the Agreement or, at the Seller's discretion, to render compensation for the loss or damage. This only applies if the breach results in a loss or damage of the Purchaser of at least EUR 250,000 in any individual case ("de Minimis") and if such individual damage to be taken into account exceeds, in aggregate, EUR 2,000,000 of the Total Purchase Price ("Basket"), in which case the full damage shall be reimbursed to the Purchaser. The Seller's total liability based on breaches of guarantees and other legal grounds arising from or in connection with this Agreement shall be capped at 15 % of the Total Purchase Price altogether.

The aforementioned limitations shall not apply to Seller's liability for a breach of the guarantee pursuant to Sec. 6.2 lit. a) in which case the Seller's liability shall be capped at 100 % of the Purchase Price for the relevant Individual Purchase Object.

Garantie; in diesem Fall wird die Haftung des Verkäufers auf 100 % des Kaufpreises für das betreffende Einzelne Kaufobjekt begrenzt.

Die vorstehenden Bestimmungen dieses § 6.5 gelten nicht für die Haftung des Verkäufers und Ansprüche des Käufers gemäß §§ 4.7 bis 4.11 (Steuern).

6. Die Pflicht des Verkäufers zur Instandhaltung und Instandsetzung gemäß § 12 des Mietvertrags in Annex B gilt entsprechend für die Instandhaltung und Instandsetzung des Kaufgegenstandes bis zum Besitzübergang. Darüber hinaus wird der Verkäufer den derzeitigen Versicherungsschutz des Kaufgegenstandes bis zum Besitzübergang aufrechterhalten.
7. Der Verkäufer haftet nicht für die inhaltliche Richtigkeit und Vollständigkeit der Informationen und Unterlagen, insbesondere im Datenraum, die der Käufer vor Abschluss dieses Kaufvertrags von dem Verkäufer oder von Dritten erhalten hat (insbesondere Angaben zu Flächengrößen, Flächenqualitäten, Bewertungen des Kaufgegenstands, etc.). § 6.2 bleibt unberührt.

Dem Käufer wurde zum Zwecke seiner Due Diligence-Prüfung u. a. diverse Unterlagen in elektronischer Form übergeben (der "Datenraum"). Der Inhalt des Datenraums wird in dem Datenraumindex Anlage 6.7 zusammengefasst. Eine elektronische Kopie des Inhaltes des Datenraumes

The aforementioned limitations of this Sec. 6.5 shall not apply to Seller's liability and Purchaser's claims pursuant to Sec. 4.7 through 4.11 (Taxes).

6. The Seller's maintenance and repair obligations pursuant to Sec. 12 of the lease agreement contained in Annex B shall apply accordingly for the maintenance and repair of the Purchase Object until Transfer of Possession. In addition, the Seller shall procure the current insurance coverage of the Purchase Object until Transfer of Possession.
7. The Seller shall not be liable for the accuracy of the contents and completeness of the information and documents, particularly in the Data Room, that the Purchaser obtained from the Seller or from third parties prior to conclusion of this Agreement (including, but not limited to, statements on area dimensions, area qualities, valuations of the Purchase Object). Sec. 6.2 shall remain unaffected.

The Purchaser had been granted for purposes of its due diligence review, inter alia, access to various documents in electronic form (the "Data Room"). The content of the Data Room is summarized in a Data Room Index attached as Annex 6.7. An electronic copy of the information contained in the

wurde dem amtierenden Notar bei Beurkundung in Form eines Datenträgers (DVD) mit der Aufschrift "Datenraum Projekt Rhine, Stand Aug 30" zur Verwahrung für einen Zeitraum von fünf Jahren ab heute übergeben. Der Notar wird zu Beweis Zwecken von beiden Parteien beauftragt, den Datenträger aufzubewahren. Der Notar (oder dessen Amtsnachfolger) hat jeder der Parteien auf deren Kosten zu ermöglichen, dass diese sich, jedoch nur im Beisein des Notars, eine elektronische Kopie des Datenträgers erstellt. Dem Verkäufer bleibt der Nachweis vorbehalten, dass dem Käufer oder mit dem Käufer verbundenen Unternehmen (insbesondere diesen zuzurechnenden Personen) weitere Unterlagen und Informationen zugänglich gemacht wurden oder anderweitig bekannt waren.

Der Käufer erkennt an, dass keine der ihm zur Verfügung gestellten Daten, Aufzeichnungen und Informationen eine Garantie für die Beschaffenheit einer Sache i. S. d. §§ 443, 444 BGB oder eine Beschaffenheitsvereinbarung i. S. d. § 434 Abs. 1 BGB begründet.

Der Käufer hat ausreichend Gelegenheit erhalten, den Kaufgegenstand zu besichtigen und zu allen den Kaufgegenstand betreffenden Fragen von sich aus Erkundigungen einzuziehen, alle mit dem Kaufgegenstand in Zusammenhang stehenden Umstände, soweit diese sich auf die Bebauung, Nutzung und Bewirtschaftung des Kaufgegenstands beziehen, in eigener Verantwortung zu erkunden und

Data Room was, in the form of a data carrier (DVD) marked as "Datenraum Projekt Rhine, Stand Aug 30", handed over upon notarisation to the acting Notary to be held in custody for a period of five years from today. The Notary is hereby instructed by both Parties to keep the data carrier for evidence. The Notary (or his successor in office) shall enable each of the Parties to prepare an electronic copy of the data carrier at the relevant Party's own expense, however, only in the presence of the Notary. The Seller reserves the right to prove that additional documents and information were made accessible to the Purchaser or affiliates of Purchaser (including persons attributable to them) or were known to them otherwise.

The Purchaser acknowledges that none of the data, notes and information provided to it constitutes a guarantee for the quality of an object within the meaning of Secs. 443 and 444 BGB or a quality agreement within the meaning of Sec. 434 para 1 BGB.

The Purchaser has been granted sufficient opportunity to visit the Purchase Object and to make investigations into all questions relating to the Purchase Object by itself, to explore all circumstances in connection with the Purchase Object to the extent related to the building, usage and management of the Purchase Object in its own responsibility, and to obtain all information and documents which are of importance

alle Informationen und Unterlagen einzuholen, die für die rechtliche, technische und wirtschaftliche Bewertung des Kaufgegenstands und seine Nutzbarkeit durch den Käufer nach den bei derartigen Immobilien üblichen Kriterien von Bedeutung sind. Der Käufer bestätigt, dass seine im Vorfeld dieses Vertragsabschlusses gestellten Fragen hinreichend beantwortet wurden und er Gelegenheit hatte alles, was für seine Bewertung von Bedeutung ist, beim Verkäufer zu erfragen.

Eine Haftung des Verkäufers, gleich aus welchem Rechtsgrund ist ausgeschlossen (mit Ausnahme eines Verstoßes gegen § 6.2 lit. a)), soweit die zur Unrichtigkeit oder Unvollständigkeit oder zu einem sonstigem Verstoß gegen eine oder mehrere Garantien führenden Tatsachen und Umstände dem Käufer bekannt sind. Insoweit gelten insbesondere der Inhalt dieses Kaufvertrags (inkl. Anlagen) und die im Datenraum enthaltenen Informationen als dem Käufer bekannt, wobei letzteres mit der Maßgabe gilt, dass diese Informationen in angemessener Weise im Datenraum offen gelegt wurden, d. h. dass diese Informationen in einem Datenraumabschnitt enthalten waren, in dem der mit der üblichen Sorgfalt eines ordentlichen Kaufmannes handelnde Käufer vernünftigerweise davon ausgehen konnte, die entsprechenden Informationen in der Struktur des Datenraums zu finden, und dass ihre Beschriftung nicht irreführend war.

Dieser § 6.7 gilt nicht für die Haftung des Verkäufers und Ansprüche des Käufers gemäß §§ 4.7 bis 4.11 (Steuern).

with respect to the legal, technical and economical assessment of the Purchase Object and its usability by the Purchaser in accordance with customary criteria for such real estate. The Purchaser confirms that its questions posed prior to the conclusion of this Agreement were sufficiently responded to and that it had the opportunity to ask everything from the Seller which was relevant for its valuation.

Any liability on the part of the Seller for any legal reason whatsoever (except for a breach of Sec. 6.2 lit. a)) is excluded to the extent that the Purchaser had knowledge of facts and circumstances that lead to the incorrectness or incompleteness or other breach of one or more guarantees by the Seller. In this respect, the Purchaser is deemed to have knowledge of, in particular, the content of this Agreement (incl. Annexes) and the information contained in the Data Room, with respect to the latter provided that such information was fairly disclosed in the Data Room such that the information was contained in a Data Room section in which the Purchaser, acting with the care of a prudent business man, may reasonably have expected to find such information under the structure of the Data Room and its label was not misleading.

This Sec. 6.7 shall not apply to Seller's liability and Purchaser's claims pursuant to Sec. 4.7 through 4.11 (Taxes).



8. Der Verkäufer überträgt sämtliche Mängelhaftungsansprüche gegen Dritte, beispielsweise Bauunternehmen und Handwerker, mit Wirkung ab Besitzübergang an den dies annehmenden Käufer, sofern der Käufer diese Ansprüche für die Mängelbehebung verwendet bzw. zur Verfügung stellt.
  9. Alle Ansprüche des Käufers aus oder im Zusammenhang mit diesem Kaufvertrag (mit Ausnahme von Ansprüchen aus §§ 4.7 bis 4.11 und 6.2 lit. t)) verjähren innerhalb von 18 Monaten nach Besitzübergang, mit Ausnahme des Erfüllungsanspruches und etwaiger Ansprüche aus einem Verstoß gegen die Garantie gemäß § 6.2 lit. a), die innerhalb von fünf Jahren nach Besitzübergang verjähren. Satz 1 gilt nicht für Ansprüche des Käufers gemäß §§ 4.7 bis 4.11 und 6.2 lit t) (Steuern); diese verjähren (i) sechs (6) Monate nachdem der betreffende Steuerbescheid materiell bestandskräftig geworden ist oder (ii) sechs (6) Monate nach Ablauf der Festsetzungsverjährung der betreffenden Steuer, je nachdem, welcher Zeitpunkt später eintritt. §§ 203 ff. BGB finden Anwendung.
  10. Ein etwaiger Haftungsausschluss und/oder eine Haftungsbeschränkung nach diesem Vertrag gilt unbeschadet der Rechte und Verpflichtungen der Parteien aus dem in Annex B enthaltenen Mietvertrag.
8. With effect as of the Transfer of Possession the Seller assigns all defects liability claims against third parties – such as construction companies and craftsmen – to the Purchaser accepting this assignment; provided that the Purchaser uses or provides the claim proceeds in order to rectify the defects.
  9. All claims of the Purchaser under or in connection with this Agreement (except for claims under Sec. 4.7 through 4.11 and 6.2 lit. t)) shall be time-barred within 18 months after the Transfer of Possession except for the claim for transfer of title (*Erfüllungsanspruch*) and any claims for a breach of the guarantee pursuant to Sec. 6.2 lit. a) which shall be time-barred within five years after the Transfer of Possession. Sentence 1 shall not apply to claims of the Purchaser according to Sec. 4.7 through 4.11 (Taxes) and Sec. 6.2 lit. t) which shall become time-barred at the later of (i) six (6) months after the date of the final, non-appealable assessment of the relevant Tax or (ii) six (6) months after the end of the statutory prescription (*Festsetzungsverjährung*) of the relevant Tax. Sections 203 et seqq. BGB shall apply.
  10. Any exclusions and/or limitations of liability under this Agreement are without prejudice to the rights and obligations of the parties under the lease agreement contained in Annex B.

**§7**  
**Besitzübergang**

1. Die Übergabe eines Einzelnen Kaufobjekts (“Besitzübergang”) erfolgt an dem Tag nach dem Tag, an dem der Kaufpreis für das jeweilige Einzelne Kaufobjekt beim Verkäufer ohne Widerrufsmöglichkeit gutgeschrieben wurde. Unbeschadet des vorstehenden Satzes erfolgt der Besitzübergang jedoch frühestens am ersten Kalendertag des Monats nach dem betreffenden Stichtag (d. h. im Falle von § 4.2 am 1. November 2013); § 4.2 Abs. 1 letzter Satz bleibt unberührt.
  
2. Mit dem Besitzübergang gehen auf den Käufer alle Nutzen und alle Lasten über, gleich ob privater oder öffentlicher Natur (insbesondere Grundsteuer, Anliegerbeiträge sowie sonstige Abgaben). Zu diesem Zeitpunkt geht ebenfalls die Gefahr des zufälligen Untergangs oder der zufälligen Verschlechterung auf den Käufer über; § 6.6 bleibt unberührt. Ab diesem Zeitpunkt trägt der Käufer zudem die Verkehrssicherungspflicht.

Mit dem Besitzübergang tritt der Käufer anstelle des Verkäufers in die Rechte und Pflichten, die sich aus der Eigentümerstellung in Bezug auf das jeweilige Einzelne Kaufobjekt ergeben, ein und übernimmt die mit dem Einzelnen Kaufobjekt zusammenhängenden Verpflichtungen gegenüber privaten oder öffentlich-rechtlichen Dritten, indem er in die

**Section 7**  
**Transfer of Possession**

1. The transfer of possession of an Individual Purchase Object (“Transfer of Possession”) occurs on the day after the day on which the Purchase Price for the relevant Individual Purchase Object has been irrevocably credited to the Seller. However, notwithstanding the foregoing the Transfer of Possession shall not be at a date until the first calendar day of the month following the respective due date (*i.e.*, in case of Sec. 4.2 the first calendar day of November 2013); Sec. 4.2 para 1 last sentence remains unaffected.
  
2. Upon Transfer of Possession, all burdens, regardless of whether of a private legal nature or under public law (especially property tax, property assessments as well as other levies) and all benefits pass to the Purchaser; at this time, the risk of accidental loss or accidental deterioration also pass to the Purchaser; Sec. 6.6 remains unaffected. Commencing at this time, the Purchaser also bears the duty to secure the property.

Upon Transfer of Possession, the Purchaser assumes the rights and obligations arising from ownership of the relevant Individual Purchase Object in place of the Seller and assumes the obligations pertaining to the Individual Purchase Object vis-à-vis private third parties or third parties under public law by entering into the obligations or legal relationships in place of

Verpflichtungen oder Rechtsverhältnisse anstelle des Verkäufers eintritt, die in Anlage 7.2 genannt sind. Ab dem Besitzübergang hat der Käufer den Verkäufer von sämtlichen in vorstehendem Satz in Bezug genommenen Verpflichtungen, die nach dem Besitzübergang entstehen, freizustellen. §§ 1.2 und 7.3 bleiben unberührt.

Sollte der Eintritt durch den Käufer nur mit Zustimmung des Vertragspartners wirksam sein und diese verweigert werden, ist der Verkäufer auf Verlangen des Käufers verpflichtet, das betreffende Vertragsverhältnis auf Rechnung und Kosten des Käufers weiterzuführen, längstens bis zum Zeitpunkt der ersten Kündigungsmöglichkeit.

Die Verpflichtungen, Lasten und Kosten werden auf den Tag des Besitzübergangs abgerechnet. Die von dem Verkäufer für den Zeitraum nach dem Besitzübergang im Voraus getragenen oder noch zu tragenden Lasten und Kosten, insbesondere die Grundsteuer, hat der Käufer dem Verkäufer zu erstatten. Die von dem Käufer für den Zeitraum vor dem Besitzübergang im Voraus getragenen oder noch zu tragenden Lasten und Kosten, insbesondere die Grundsteuer, hat der Verkäufer dem Käufer zu erstatten.

3. Mit dem Besitzübergang hinsichtlich des Einzelnen Kaufobjekts Nr. 4 [*Park-Klinik*] tritt der Käufer in sämtliche sich aus dem Erbbaurechtsvertrag vom 6. Oktober 1988 (UR-Nr. 664/1988 des Notars Dr.

the Seller specified in Annex 7.2. As of the Transfer of Possession, the Purchaser must indemnify the Seller from all obligations referred to in the preceding sentence arising after the Transfer of Possession. Sec. 1.2 and Sec. 7.3 shall remain unaffected.

If the assumption by the Purchaser is effective only with the consent of the contractual counterparty and if such consent is denied, the Seller shall be obliged, if so requested by the Purchaser, to continue the relevant contractual relationship on account and at the costs of Purchaser until no later than such time a termination becomes possible for the first time.

The obligations, charges, and costs are settled as per the date of the Transfer of Possession. The Purchaser shall reimburse the Seller for the burdens and costs that have been or will be borne by the Seller in advance for the period after the Transfer of Possession, including but not limited to the real property tax. The Seller shall reimburse the Purchaser for the burdens and costs that have been or will be borne by the Purchaser for the period before the Transfer of Possession, including but not limited to the real property tax.

3. Upon Transfer of Possession of Individual Purchase Object no. 4 [*Park-Klinik*], the Purchaser assumes all rights and obligations from that date thereof arising from the hereditary building right agreement dated

Buschlinger, Wiesbaden), geändert durch Nachtragsurkunden vom 14. April 1989 (UR-Nr. 293/1989 des Notars Dr. Buschlinger, Wiesbaden), 29. Juni 1990 (UR-Nr. 490/1990 des Notars Dr. Buschlinger, Wiesbaden), 27. März 1991 (UR-Nr. 309/1991 des Notars Dr. Buschlinger, Wiesbaden) und 2. April 1991 (UR-Nr. 323/1991 des Notars Dr. Buschlinger, Wiesbaden) sowie durch Realteilungserklärung vom 6. April 2009 (UR-Nr. C 82/09 des Notars Claus, Wiesbaden) ab diesem Zeitpunkt ergebenden Rechte und Pflichten des Verkäufers ein (zusammen der "Erbbbaurechtsvertrag").

Der Käufer ist im Fall eines Weiterverkaufs des Einzelnen Kaufobjekts Nr. 4 [*Park-Klinik*] an einen Dritten dazu verpflichtet, den entsprechenden Dritten ebenfalls zu verpflichten, die Rechte und Pflichten aus dem Erbbbaurechtsvertrag zu übernehmen (Weitergabeverpflichtungsklausel).

Im Übrigen gelten die Bestimmungen des Annex 7.3 (Deed).

4. Innerhalb eines Zeitraums von zwei Monaten nach Besitzübergang hat der Verkäufer dem Käufer Kopien der im Datenraum zur Verfügung gestellten Grundstücksunterlagen betreffend den Kaufgegenstand zu übergeben, soweit dies nicht bereits zuvor geschehen ist. Sofern und soweit der Verkäufer im Besitz von Originaldokumenten ist, muss er diese ebenfalls übergeben, es sei denn, der Verkäufer ist gesetzlich zur Aufbewahrung von Originaldokumenten verpflichtet.

October 6, 1988 (deed no. 664/1988 of the notary Dr. Buschlinger, Wiesbaden), as amended by deeds dated April 14, 1989 (deed no. 293/1989 of the notary Dr. Buschlinger, Wiesbaden), dated June 29, 1990 (deed no. 490/1990 of the notary Dr. Buschlinger, Wiesbaden), dated March 27, 1991 (deed no. 309/1991 of the notary Dr. Buschlinger, Wiesbaden), dated April 2, 1991 (deed no. 323/1991 of the notary Dr. Buschlinger, Wiesbaden) and splitting declaration of April 6, 2009 (deed no. C 82/09 of the notary Claus, Wiesbaden) (collectively, the "HBR Agreement").

The Purchaser shall be obliged, in case of a sale and transfer of the Individual Purchase Object no. 4 [*Park-Klinik*] to a third party to oblige such third party to assume all rights and obligations arising from the HBR Agreement (*Weiterverpflichtungsklausel*).

Furthermore the provisions of Annex 7.3, (Deed) shall apply.

4. Within a period of two months after the Transfer of Possession, the Seller must hand over to the Purchaser copies of the real property related documents relating to the Purchase Object disclosed in the Data Room, to the extent this has not already occurred before. If and to the extent the Seller is in possession of originals, it must hand over such originals as well, unless the Seller is required by law to retain originals.

5. Erschließungs- und Anliegerbeiträge nach dem Baugesetzbuch sowie Beiträge und Kostenerstattungspflichten nach dem Kommunalabgabengesetz und den entsprechenden Gemeindefestsetzungen, für die bis zum heutigen Tage Bauarbeiten begonnen wurden, hat der Verkäufer zu tragen. Alle Kosten für danach begonnene Maßnahmen gehen zu Lasten des Käufers. Etwaige Erstattungsansprüche des Verkäufers aus Vorausleistungen werden dem dies annehmenden Käufer hiermit abgetreten; soweit Vorauszahlungen die Beitragsschuld überschreiten, ist der Käufer zur Rückzahlung des entsprechenden Betrages an den Verkäufer verpflichtet.

Die Parteien stellen einander von jeglicher dieser Verteilung im Innenverhältnis widersprechenden Inanspruchnahme frei. Auf eine Sicherung des Freistellungsanspruches wird nach Belehrung durch den Notar verzichtet. Der Käufer hat den Verkäufer über etwaige Rückzahlungen unverzüglich schriftlich zu informieren.

6. Ohne vorherige Einwilligung des Käufers und mit Ausnahme der in Anlage 7.6 aufgeführten Belastungen wird der Verkäufer (i) den Kaufgegenstand nicht belasten oder entsprechenden Belastungen zustimmen (insbesondere Grunddienstbarkeiten, Baulasten, etc.) und (ii) keine Anträge bezüglich des Kaufgegenstandes beim zuständigen Grundbuchamt oder einer öffentlichen Behörde einreichen, ändern oder zurückziehen.

5. Development and adjacent owner's charges for connection to public services under the German Construction Code as well as contributions and obligations to reimburse costs pursuant to the Act on Local Community Charges and respective municipal bylaws, with respect to which the construction works have commenced to date, must be borne by the Seller. The costs of measures commenced thereafter must be borne by the Purchaser. Any claims for reimbursement of the Seller based on advance payments are hereby assigned to the Purchaser, which accepts the assignment; if advance payments exceed the contribution liability, the Purchaser shall be obliged to repay the respective amount to the Seller.

The Parties indemnify each other from any demand that do not correspond with this internal allocation. After having been instructed by the Notary, the Parties waive to have this indemnification claim collateralised. The Purchaser shall notify the Seller of any repayments immediately in writing.

6. Without prior approval of the Purchaser and except for the encumbrances listed in Annex 7.6, the Seller will not (i) encumber or consent to encumbrances of the Purchase Object (including, but not limited to servitudes, building charges, etc.) or (ii) file, amend or withdraw any applications regarding the Purchase Object with the relevant land registry or public entity.

**§ 8**  
**Auflassungsvormerkung**

1. Der Verkäufer bewilligt und der Käufer beantragt, zu Gunsten des jeweiligen Käufers gemäß Annex 1.1 Auflassungsvormerkungen zur Sicherung seiner Ansprüche auf Übertragung des Eigentums an den Einzelnen Kaufobjekten einzutragen.

Zum Zwecke der Kaufpreisfinanzierung des Käufers bleibt das Recht des Eigentümers vorbehalten, mit Rang vor den vorstehenden Auflassungsvormerkungen, Grundpfandrechte bis zur Höhe des Gesamtkaufpreises nebst bis zu 20% Jahreszinsen ab heute sowie nebst einer einmaligen Nebenleistung von bis zu 15 % des Grundbetrags eintragen zu lassen. Der Rangvorbehalt wird inhaltlich dahin beschränkt, dass er nur für Grundpfandrechte gilt, die unter Mitwirkung des Käufers bestellt wurden (bedingter Rangvorbehalt). Der Verkäufer bewilligt und der Käufer beantragt, diesen Vorrangvorbehalt gleichzeitig mit der Auflassungsvormerkung einzutragen.

Werden die Eintragung des Grundpfandrechtes und der Auflassungsvormerkung gleichzeitig beantragt, soll das Grundpfandrecht Rang erhalten vor der Auflassungsvormerkung.

2. Die Parteien bewilligen und beantragen schon heute die Löschung der vorgenannten

**Section 8**  
**Priority Notice of Conveyance**

1. The Seller approves, and the Purchaser applies for priority notices of conveyance (*Auflassungsvormerkung*) in favor of the respective Purchaser pursuant to Annex 1.1 to secure its claims for transfer of title to the Individual Purchase Objects.

For the purpose of financing the Purchase Price by the Purchaser, the right of the owner is reserved to have mortgages in an amount of up to the Total Purchase Price plus up to 20 % p.a. interest thereon as from the date hereof and plus a one time ancillary charge of up to 15 % of the nominal amount registered ranking senior to the aforementioned priority notice of conveyance. The reservation of priority shall be limited in content in such form that it only applies to mortgages created with the Purchaser's cooperation (*bedingter Rangvorbehalt*). The Seller approves and the Purchaser applies for such reservation of priority being registered simultaneously with the priority notice of conveyance.

If the registration of the mortgage and the priority notice of conveyance is applied for at the same time, the mortgage shall rank senior to the priority notice of conveyance.

2. The Parties already today approve and apply for the deletion of the above mentioned

Auflassungsvormerkung, sobald der Käufer als Eigentümer des Kaufgegenstands in das Grundbuch eingetragen ist und keine Zwischeneintragungen erfolgt oder beantragt sind, an denen der Käufer nicht mitgewirkt hat.

Weiter bevollmächtigen und beauftragen die Parteien den Notar unwiderruflich, im Namen des Käufers die Löschung der Auflassungsvormerkung zu bewilligen und zu beantragen,

- a) sobald der Verkäufer die Löschung der Auflassungsvormerkung verlangt, und dazu dem amtierenden Notar schriftlich bestätigt hat, zur Eigentumsverschaffung nicht mehr verpflichtet zu sein, der Notar dem Käufer dies schriftlich mitgeteilt hat und der Käufer innerhalb von vier Wochen nach der Mitteilung kein Gerichtsverfahren gegen die Löschung eingeleitet hat,
- b) oder sobald der Notar dazu schriftlich vom Käufer ermächtigt worden ist.

Die vorstehenden Einschränkungen der Vollmacht des Notars gelten nur im Innenverhältnis. Im Außenverhältnis ist die Vollmacht unbeschränkt.

priority notice of conveyance as soon as the Purchaser has been entered as the owner of the Purchase Object in the land register and no interim entries have been made or applied for without the cooperation of the Purchaser.

Furthermore, the Parties authorise and irrevocably instruct the Notary on behalf of the Purchaser to consent to, and apply for, the deletion of the priority notice of conveyance,

- a) as soon as the Seller requests the deletion of the priority notice of conveyance and has confirmed to the officiating Notary in writing that it is no longer obliged to transfer title; the Notary has notified the Purchaser thereof in writing and the Purchaser has not initiated a court procedure against the deletion within four weeks from being so notified,
- b) or as soon as the Notary has been authorized to do so in writing by the Purchaser.

The above limitations on the Notary's power of attorney apply only in the relationship inter se. In the relationship with third parties, the power of attorney is unlimited.

**§ 9  
Auflassung**

Die Erschienenen erklären nunmehr die

**A U F L A S S U N G**

wie folgt:

Wir sind uns darüber einig, dass das Eigentum bzw. das Erbbaurecht an den Einzelnen Kaufobjekten auf den jeweiligen in Anlage 1.1 bestimmten Käufer übergeht. Der Verkäufer bewilligt und der Käufer beantragt die Eintragung des Käufers als Eigentümer und Inhaber des Erbbaurechts im Grundbuch

Der Notar wird jedoch angewiesen, die Grundbuchumschreibung hinsichtlich eines Einzelnen Kaufobjekts erst dann zu bewilligen und zu beantragen, wenn ihm der Verkäufer die vertragsgerechte Zahlung des Kaufpreises für dieses Einzelne Kaufobjekt schriftlich mitgeteilt hat bzw. der Käufer ihm nachgewiesen hat, dass der Verkäufer die Zahlung des Kaufpreises für dieses Einzelne Kaufobjekt erhalten hat; in jedem Fall wird der Notar die Eintragung nicht vor dem 1. November 2013 beantragen. Bis zu diesem Zeitpunkt wird der Notar nur Teilkopien ohne die vorstehende Auflassung ausstellen.

Die vorstehenden Einschränkungen der Vollmacht des Notars gelten nur im Innenverhältnis. Im Außenverhältnis ist die Vollmacht unbeschränkt.

**§ 10  
Belastungsvollmacht**

1. Der Verkäufer verpflichtet sich, bei der Bestellung vollstreckbarer (§ 800 ZPO) Grundschulden zu Gunsten von Kreditinstituten,

**Section 9  
Conveyance (Auflassung)**

The persons appearing now declare the

**C O N V E Y A N C E**

as follows:

We are in agreement that the title to the Individual Purchase Objects and the hereditary building right respectively pass to the respective Purchaser pursuant to Annex 1.1. The Seller approves and the Purchaser applies for the registration of the Purchaser as the owner and the holder of the hereditary building right in the land register.

However, the Notary is instructed not to apply for registration in the land register with respect to an Individual Purchase Object until the Seller has notified him in writing of the payment of the Purchase Price for the relevant Individual Purchase Object, or the Purchaser has provided him with evidence of the receipt by the Seller of the payment of the Purchase Price for the relevant Individual Purchase Object, but in no event shall the Notary apply for registration prior to the first day of November 2013. Through this point of time the Notary shall only issue partial copies – without this Conveyance.

The aforesaid restrictions of the power of attorney only apply inter pares. Otherwise, the power of attorney is unlimited.

**Section 10  
Power of Attorney to Encumber**

1. The Seller undertakes to cooperate as the current owner of and holder of a hereditary building right regarding the Individual Purchase



die zum Geschäftsbetrieb in der Europäischen Union befugt sind, als derzeitiger Eigentümer bzw. Erbbauberechtigter der Einzelnen Kaufobjekte mitzuwirken. Diese Mitwirkungspflicht besteht nur, wenn in der Grundschuldbestellungsurkunde folgende von den Parteien bereits jetzt getroffenen Bestimmungen wiedergegeben werden:

- a) **Sicherungsabrede:** Der Grundschuldgläubiger darf das Grundpfandrecht nur insoweit als Sicherheit verwerten und/oder behalten, als er tatsächlich Zahlungen mit Tilgungswirkung für die Kaufpreisschuld des Käufers geleistet hat. Ist die Grundschuld zurück zu gewähren, so kann nur Löschung verlangt werden, nicht Abtretung oder Verzicht. Alle weiteren innerhalb oder außerhalb dieser Urkunde getroffenen Zweckbestimmungserklärungen, Sicherungs- und Verwertungsvereinbarungen gelten daher erst nach vollständiger Kaufpreiszahlung, spätestens nach Übergang des Eigentums am belasteten Grundstück auf den Käufer. Ab diesem Zeitpunkt gelten sie für und gegen den Käufer als neuem Sicherungsgeber.
- b) **Zahlungsanweisung:** Zahlungen haben nach Maßgabe von § 4.5 zu erfolgen.
- c) **Persönliche Zahlungspflichten, Kosten:** Der Verkäufer übernimmt im Zusammenhang mit der Grundschuldbestellung keinerlei persönliche Zahlungspflichten.

Objects in establishing enforceable (Sec. 800 German Code of Civil Procedures) land charges for the benefit of credit institutions authorized to conduct business in the European Union. This duty to cooperate only exists if the document establishing the land charge reflects the following provisions already agreed at this time by the Parties:

- a) **Security Arrangement:** The land charge creditor can only realize and/or retain the land charge as security to the extent that the creditor has actually made payments in satisfaction of the obligation of the Purchaser to pay the Purchase Price. If the land charge must be returned, only deletion can be demanded, but not an assignment or waiver. All other declarations on the purpose agreed within or outside of this Document, agreements on security and realization, therefore, only apply after complete payment of the Purchase Price, but no later than after transfer of title in the encumbered property to the Purchaser. Commencing at that time, they apply for and against the Purchaser as the new security grantor.
- b) **Payment instruction:** Payments must be made as provided for in Sec. 4.5.
- c) **Personal payment obligations, costs:** The Seller assumes no personal payment obligations whatsoever in connection with establishing the land

Der Käufer verpflichtet sich, den Verkäufer von allen Kosten und sonstigen Folgen der Grundschuldbestellung freizustellen.

- d) Fortbestand der Grundschuld: Die bestellte Grundschuld darf auch nach Eigentumsumschreibung auf den Käufer bestehen bleiben. Alle Eigentümerrechte und Rückgewähransprüche, die mit ihr zu tun haben, werden hiermit mit Wirkung ab Bezahlung des Kaufpreises, in jedem Falle aber ab Eigentumsumschreibung, auf den dies annehmenden Käufer übertragen. Entsprechende Grundbucheintragung wird bewilligt.

2. Der Verkäufer erteilt dem Käufer mit der Ermächtigung zur Unterbevollmächtigung Vollmacht, ihn bei allen vorstehenden Rechtshandlungen zu vertreten. Diese Vollmacht gilt nur dann, wenn in der Grundschuldbestellungsurkunde die unter den vorstehenden Punkten getroffenen Bestimmungen wiedergegeben werden.
3. Die Vollmacht kann ausgeübt werden, bevor erforderliche behördliche Genehmigungen erteilt sind. Von der Vollmacht kann nur durch Erklärung vor dem amtierenden Notar oder seinem Vertreter oder Nachfolger im Amt Gebrauch gemacht werden, der ihre vertragsmäßige Ausübung überwacht.
4. Der Käufer weist die Kreditgeber, die durch die nach diesem § 10 bestellten

charge. The Purchaser undertakes to indemnify the Seller against all costs and any consequences of establishing the land charge.

- d) Continued existence of the land charge: The established land charge can continue to exist after registration of transfer of title to the Purchaser. All ownership rights and claims for return relating to the land charge are hereby transferred to the Purchaser effective upon payment of the Purchase Price, however, in any event upon registration of the transfer of title; the Purchaser accepts such assignments. Corresponding registration in the land register is approved.

2. The Seller grants the Purchaser power of attorney together with the authorization to grant subordinate power of attorney to represent the Seller in all of the above mentioned legal acts. This power of attorney only applies if the document establishing the land charge reflects the provisions agreed to in the preceding points.
3. The power of attorney can be exercised prior to the granting of the necessary public permits. The power of attorney can only be used by a declaration before the officiating Notary or his/her official representative or successor in office who will supervise the exercise in accordance with the contract.
4. The Purchaser hereby irrevocably instructs the lenders collateralized by the land

Grundschulden besichert sind, hiermit unwiderruflich an, die Darlehensbeträge entsprechend der in diesem Kaufvertrag vereinbarten Regelungen zu überweisen.

## § 11

### Vertragsabwicklung/Beauftragung des Notars

1. Der Notar machte auf den weiteren Gang des Verfahrens bis zur Umschreibung im Grundbuch aufmerksam. Er wies insbesondere hin auf das Vorkaufsrecht nach dem Baugesetzbuch.

Der Notar soll der Gemeinde sofort eine vollständige Vertragsabschrift übersenden, um die Ausübungsfrist von zwei Monaten in Gang zu setzen.

2. Die Parteien ermächtigen hiermit den beurkundenden Notar, in ihrem Namen alle Erklärungen abzugeben und entgegenzunehmen, insbesondere auch Anträge einzeln zu stellen und zurückzunehmen, soweit dies für den Vollzug des Kaufvertrags erforderlich ist.
3. Die Parteien beauftragen den amtierenden Notar mit der Durchführung dieses Kaufvertrags, insbesondere damit, die steuerliche Unbedenklichkeitsbescheinigung bezüglich der Grunderwerbssteuer zu beschaffen, alle zu diesem Kaufvertrag erforderlichen Genehmigungen zu beantragen und für sie entgegenzunehmen sowie die Fälligkeitsmitteilung nach § 4.2 bzw. § 4.3 zu veranlassen.

charges created under this Sec. 10 to transfer the amounts of the loan in accordance with the provisions contained in this Agreement.

## Section 11

### Contract Execution/Instructions to the Notary

1. The notary informed the parties about the further course of the proceedings up to the transfer of ownership in the land register. He made special mention of the pre-emption right pursuant to the German Building Code (*Baugesetzbuch*).

The notary shall immediately send a complete copy of the contract to the municipality in order to set in motion the exercise period of two months.

2. The Parties hereby authorize the officiating Notary to issue and receive all declarations in their names, especially to also submit and withdraw individual applications to the extent that this is necessary in order to implement this Agreement.
3. The Parties instruct the officiating Notary to implement this Agreement, especially to obtain the clearance certificate from the tax authorities with regard to the real estate transfer tax, to apply for all permits required for this Agreement and to receive them and to cause the Maturity Notice to be made pursuant to Sec. 4.2 and Sec. 4.3, respectively.

4. Eintragungen im Grundbuch sollen nur nach Anträgen des Notars erfolgen. Die Parteien verzichten insoweit auf ihr eigenes Antragsrecht.
5. Der Verkäufer wird sich unverzüglich um die Einholung des Treuhandauftrages und der Löschungsbewilligung seitens der Gläubiger der Belastungen in Abteilung III des Grundbuches selbst bemühen.

## § 12

### Bevollmächtigung der Notariatsangestellten

Hierdurch werden die Notare Dr. Florian Braunfels und Dr. Rainer Oppermann in Düsseldorf, deren Vertreter und die Mitarbeiter

Herr Heinz Langmack  
Frau Ingrid Neu  
Frau Ulrike Gildemeister  
Frau Silke Großbrockhoff  
Herr Maximilian Lemke

bevollmächtigt, alles zu erklären und zu bewilligen, was nach ihrem pflichtgemäßen Ermessen zum Vollzug dieses Vertrages und zur Eintragung im Grundbuch – insbesondere bei gerichtlichen Zwischenverfügungen noch notwendigen oder zweckmäßig ist – einschließlich der Erklärung der Auflassung und der Bewilligung der Auflassungsvormerkung, der Beantragung von Löschungen, der Abgabe von Identitätsbescheinigungen. Jeder Bevollmächtigte darf einzeln und für alle Beteiligten gleichzeitig handeln.

4. Registrations in the land register should only be made upon application by the Notary. The Parties waive in this regard the own right to submit their applications.
5. The Seller will obtain the escrow mandate and the deletion consent from the mortgagees regarding the encumbrances registered in Sec. III of the land register without undue delay.

## Section 12

### Power of Attorney for the Notarial Clerks

Hereby the notaries Dr. Florian Braunfels and Dr. Rainer Oppermann in Düsseldorf and their official deputies as well as the employees

Herr Heinz Langmack  
Frau Ingrid Neu  
Frau Ulrike Gildemeister  
Frau Silke Großbrockhoff  
Mr. Maximilian Lemke

are granted power of attorney to declare and consent to everything that is still necessary or instrumental for executing this contract and for registration in the land register, in particular in the case of interim court orders – including the declaration of conveyance and the approval of the priority notice of conveyance, the application for deletions and the issuance of certificates of identity. Each empowered person may act solely and simultaneously for all parties.

Die Vollmachten schließen die - gegenüber dem Grundbuchamt unbeschränkte - Belastung des Kaufgegenstands entsprechend § 10 sowie die Zwangsvollstreckungsunterwerfung des dinglichen – beim Käufer auch des persönlichen – Vermögens und die Abgabe der im Zusammenhang mit der dinglichen Belastung seitens der Finanzierungsinstitute geforderten Sicherungszweckerklärungen ein. Über die Bedeutung der persönlichen Haftungsübernahme mit Zwangsvollstreckungsunterwerfung sowie über die rechtliche und wirtschaftliche Tragweite der Vollmachtserteilung hat der beurkundende Notar ausführlich belehrt.

Von dieser Vollmacht kann nur vor dem beurkundenden Notar oder dessen Vertreter oder Nachfolger im Amt Gebrauch gemacht werden. Im Innenverhältnis wird der Notar angewiesen, sicherzustellen, dass von der Vollmacht nur nach Abstimmung mit den Parteien Gebrauch gemacht wird. Nach außen ist die Vollmacht unbeschränkt.

Die Parteien bevollmächtigen auch den amtierenden Notar, soweit erforderlich oder zweckmäßig, Bewilligungen und Anträge gegenüber dem Grundbuchamt zu ändern und zu ergänzen, überhaupt alles zu tun, was verfahrensrechtlich zur Durchführung des Kaufvertrags erforderlich sein sollte, insbesondere Grundstücksbezeichnungen zu berichtigen, zu ergänzen und/oder gemäß § 28 GBO zu bezeichnen.

The powers of attorney include the encumbrance of the Purchase Object in accordance with Sec. 10, without any restrictions towards the land register office, as well as submission to immediate enforcement in rem, and in the case of the Purchaser, also the personal assets, and the issuance of the declarations on the security purpose required by the financial institutions in connection with in rem encumbrance. The officiating Notary has explained in detail the significance of the personal assumption of liability with submission to immediate enforcement as well as the legal and commercial effects of granting power of attorney.

This power of attorney can only be used before the officiating Notary or his official representative or successor in office. Internally, the Notary is instructed to ensure that the power of attorney is only used after coordination with the Parties. The power of attorney is unrestricted in the external relationship.

The Parties also grant power of attorney to the officiating Notary to amend and supplement, to the extent necessary or expedient, approvals and applications vis-à-vis the land register office and, generally, to effect everything necessary under procedural law with regard to the implementation of this Agreement, in particular to correct, supplement the identification of and/or to identify real property in accordance with Sec. 28 of the Land Register Act.

**§ 13**  
**Kosten, Grunderwerbsteuer**

1. Die mit der Beurkundung und Durchführung und ggf. Rückabwicklung dieses Kaufvertrags verbundenen Kosten trägt, soweit nicht ausdrücklich etwas anderes bestimmt ist, der Käufer mit Ausnahme der Kosten der Löschung nicht übernommener Belastungen im Grundbuch, die der Verkäufer trägt.

Die Kosten seiner Vertretung (z.B. für Vollmacht oder Genehmigung) trägt jeder Beteiligte selbst.

2. Die Grunderwerbsteuer trägt der Käufer.

**§ 14**  
**Rücktritt**

1. Den Parteien steht das in diesem § 14 geregelte Rücktrittsrecht zu. Darüber hinaus sind die Parteien nicht berechtigt, von diesem Kaufvertrag zurückzutreten oder im Wege des Schadensersatzes die Aufhebung des Kaufvertrags zu verlangen. Sollte aufgrund zwingender gesetzlicher Bestimmungen ein Rücktrittsrecht bestehen und nach Besitzübergang ausgeübt werden, gelten insoweit die gesetzlichen Bestimmungen. Schadensersatzansprüche sind ausgeschlossen.
2. Jede Partei ist berechtigt, von diesem Kaufvertrag hinsichtlich eines Einzelnen Kaufobjekts zurückzutreten, soweit bezüglich

**Section 13**  
**Costs, Real Estate Transfer Tax**

1. The Purchaser bears, to the extent not specifically provided otherwise, the costs associated with the notarization and implementation and unwinding, as the case may be, of this Agreement other than the costs associated with the deletion of the encumbrances in the land register that are not assumed by Purchaser, which costs are borne by the Seller.

Each party bears its own representation costs (e.g. for powers of attorney or approval).

2. The Purchaser bears the real estate transfer tax.

**Section 14**  
**Withdrawal**

1. The Parties have the right to withdrawal based on this Sec. 14. Apart from that, the Parties are not entitled to withdraw from this Agreement or to demand for the revocation of this Agreement in the context of any claims for indemnification. If there is any mandatory statutory right to withdraw which is exercised after the Transfer of Possession, the statutory rights shall apply. Damage claims are excluded.
2. Each Party is entitled to withdraw from this Agreement with respect to an Individual Purchase Object to the extent that a pre-emption

dieses Einzelnen Kaufobjekts ein öffentlich-rechtliches Vorkaufsrecht ausgeübt wird. Schadensersatzansprüche sind ausgeschlossen. Allerdings trägt der Verkäufer etwaige damit verbundene Gerichtskosten. Der Rücktritt lässt die Rechte des Vorkaufsberechtigten unberührt.

3. Für den Fall, dass der Eintritt der Zahlungsvoraussetzungen gemäß § 4.2 oder § 4.3 lit. a) nicht innerhalb von sechs (6) Monaten nach dem heutigen Tage vom Notar durch eine Fälligkeitsmitteilung bestätigt wird, gilt Folgendes:
  - a) Jede Partei ist berechtigt, von diesem Kaufvertrag insgesamt zurückzutreten. Der Mietvertrag in Annex B tritt in diesem Fall nicht in Kraft und der Käufer stimmt hiermit der Löschung der gemäß § 8 eingetragenen Vormerkung zur Eigentumsübertragung bereits jetzt unwiderruflich zu. Vorbehaltlich der nachstehenden Absätze b) und c) ist das Rücktrittsrecht in diesem Zusammenhang das einzige Recht der Parteien und alle anderen vertraglichen oder gesetzlichen Rechte werden hiermit ausgeschlossen.
  - b) Der Verkäufer trägt die anfallenden Notar- und Gerichtskosten und der Käufer kann eine Vertragsstrafe in Höhe von EUR 3.000.000 fordern, sofern die Nichterfüllung der Zahlungsvoraussetzungen auf ein Verschulden des Verkäufers zurückzuführen ist (hierzu gehört auch der Nichteintritt der Zahlungsvoraussetzung gemäß § 4.2(b)). Dem Käufer stehen unter diesen Umständen keine weiteren Schadensersatzansprüche über den Betrag der Vertragsstrafe hinaus zu.

purchase right under public-law is exercised with respect to that Individual Purchase Object. Damage claims are excluded. However, the Seller shall bear any related court costs accrued. The withdrawal does not affect the rights of the holder of the pre-emption right.

3. In the event that fulfillment of the payment conditions as set forth in Sec. 4.2 or Sec. 4.3 lit. a) has not been confirmed by the Notary within six (6) months from the date hereof in a Maturity Notice, the following shall apply:
  - a) Either Party shall be entitled to withdraw from this Agreement in its entirety. The lease agreement contained in Annex B shall in this event not enter into effect and the Purchaser herewith irrevocably agrees to the cancellation of the priority notice of conveyance which has been recorded pursuant to Sec. 8. The withdrawal right shall be the exclusive right of the Parties in this respect and – subject to lit. b) and c) below – any other contractual and statutory rights shall be excluded herewith.
  - b) The Seller shall bear the notary and court costs accrued and the Purchaser may claim liquidated damages in the amount of EUR 3,000,000, in case the non-fulfillment of the payment conditions was caused by the Seller's fault (which shall include a lack of fulfillment of the condition precedent set forth in Sec. 4.2(b)). The Purchaser shall not be entitled to claim any further damages exceeding the amount of the liquidated damages.

- c) Der Käufer trägt die anfallenden Notar- und Gerichtskosten und der Verkäufer kann eine Vertragsstrafe in Höhe von EUR 3.000.000 fordern, sofern die Nichterfüllung der Zahlungsverpflichtungen auf die Nichteinhaltung von § 7.3 durch den Käufer zurückzuführen ist. Dem Verkäufer stehen unter diesen Umständen keine weiteren Schadensersatzansprüche über den Betrag der Vertragsstrafe hinaus zu.
4. Für den Fall, dass der Eintritt der Zahlungsverpflichtungen gemäß § 4.3 lit. b) in Bezug auf ein Einzelnes Kaufobjekt nicht innerhalb von neun (9) Monaten nach dem heutigen Tage vom Notar durch eine Fälligkeitsmitteilung bestätigt wird, ist jede Partei berechtigt, hinsichtlich dieses Einzelnen Kaufobjekts von diesem Kaufvertrag zurückzutreten. Das betreffende Einzelne Kaufobjekt fällt in diesem Fall aus dem Mietvertrag in Annex B heraus und der Käufer stimmt hiermit der Löschung der gemäß § 8 eingetragenen Vormerkung zur Eigentumsübertragung bereits jetzt unwiderruflich zu. Das Teilrücktrittsrecht ist in diesem Zusammenhang das einzige Recht der Parteien und alle anderen vertraglichen oder gesetzlichen Rechte werden hiermit ausgeschlossen. In diesem Fall gelten jedoch § 14.3 lit. b) oder c) entsprechend, d. h. die jeweils andere Partei kann eine Vertragsstrafe in Höhe von EUR 3.000.000 verlangen, wenn die Voraussetzungen gemäß § 14.3 lit. b) oder c) hinsichtlich des entsprechenden Einzelnen Kaufobjekts vorliegen.
- c) The Purchaser shall bear the notary and court costs accrued and the Seller may claim liquidated damages in the amount of EUR 3,000,000, in case the non-fulfillment of the payment conditions was caused by the Purchaser's non-compliance with Sec. 7.3. The Seller shall not be entitled to claim any further damages exceeding the amount of the liquidated damages.
4. In the event that fulfillment of the payment conditions as set forth in Sec. 4.3 lit. b) with respect to an Individual Purchase Object has not been confirmed by the Notary within nine (9) months from the date hereof in a Maturity Notice, either Party is entitled to withdraw from this Agreement with respect to the relevant Individual Purchase Object. In this event, the Individual Purchase Object does not become part of the lease agreement contained in Annex B and the Purchaser herewith irrevocably agrees to the cancellation of the respective priority notice of conveyance which has been recorded pursuant to Sec. 8. The partial withdrawal right shall be the exclusive right of the Parties in this respect and any other contractual and statutory rights shall be excluded herewith. However, Sec. 14.3 lit. b) or c) shall apply *mutatis mutandis* in this event, i.e., the relevant other Party may claim liquidated damages of EUR 3,000,000 if the requirements of Sec. 14.3 lit. b) or c) are met with regard to such Individual Purchase Object.



5. Ist der Käufer mit der Zahlung des Gesamtpurchasepreises gemäß § 4.2 oder der Summe der Kaufpreise gemäß § 4.3 lit. a) in Verzug, kann der Verkäufer nach Ablauf einer vom Verkäufer gesetzten Nachfrist von zehn (10) Bankarbeitstagen (Düsseldorf) von diesem Kaufvertrag insgesamt zurücktreten und eine Vertragsstrafe in Höhe von EUR 3.000.000 verlangen. Für diesen Fall stimmt der Käufer hiermit der Löschung der gemäß § 8 eingetragenen Vormerkung zur Eigentumsübertragung bereits jetzt unwiderruflich zu. Der Verkäufer ist nicht berechtigt, einen über den Betrag der Vertragsstrafe hinausgehenden Schaden geltend zu machen oder ein sonstiges Rechtsmittel gegen den Käufer unter diesen Umständen einzulegen.
6. Ist der Käufer mit der Zahlung des Kaufpreises für ein Einzelnes Kaufobjekt gemäß § 4.3 lit. b) in Verzug, kann der Verkäufer nach Ablauf einer vom Verkäufer gesetzten Nachfrist von zehn (10) Bankarbeitstagen (Düsseldorf) nach seiner Wahl hinsichtlich dieses Einzelnen Kaufobjekts oder aller Einzelnen Kaufobjekte, für die der Kaufpreis (sowie etwaige Nebenleistungen (z.B. Verzugszinsen)) noch nicht beim Verkäufer ohne Widerrufsmöglichkeit gutgeschrieben wurden, von diesem Kaufvertrag zurücktreten und eine Vertragsstrafe in Höhe von EUR 3.000.000 verlangen. Für diesen Fall stimmt der Käufer hiermit der Löschung der gemäß § 8 eingetragenen Vormerkung zur Eigentumsübertragung
5. In the event that the Purchaser is in default with the payment of the Total Purchase Price pursuant to Sec. 4.2 or the sum of the Purchase Prices pursuant to Sec. 4.3 lit. a), after expiration of a cure period of ten (10) bank business days (Düsseldorf) set by the Seller, the Seller may withdraw from this Agreement in its entirety, and may claim liquidated damages in the amount of EUR 3,000,000. In this event, the Purchaser herewith irrevocably agrees to the cancellation of the priority notice of conveyance which has been recorded pursuant to Sec. 8. The Seller shall not be entitled to claim further damages exceeding the amount of the liquidated damages or to have any other remedy against the Purchaser in such circumstances.
6. In the event that the Purchaser is in default with the payment of the Purchase Price for an Individual Purchase Object pursuant to Sec. 4.3 lit. b), after expiration of a cure period of ten (10) bank business days (Düsseldorf) set by the Seller, the Seller may withdraw from this Agreement with respect to that Individual Purchase Object or, at its option, all Individual Purchase Objects for which the Purchase Price (including any ancillary costs (e.g., default interest)) has not yet been irrevocably credited to the Seller, and may claim liquidated damages of EUR 3,000,000. In this event, the Purchaser herewith irrevocably agrees to the cancellation of the respective priority notice of conveyance which has been recorded pursuant to Sec. 8. The Seller shall

bereits jetzt unwiderruflich zu. Der Verkäufer ist nicht berechtigt, einen über den Betrag der Vertragsstrafe hinausgehenden Schaden geltend zu machen.

7. Sofern ein Einzelnes Kaufobjekt vor Besitzübergang ganz oder in wesentlichen Teilen zerstört wird, ist jede Partei berechtigt, hinsichtlich dieses Einzelnen Kaufobjekts von diesem Kaufvertrag vor dem Besitzübergang zurückzutreten. Das betreffende Einzelne Kaufobjekt fällt in diesem Fall aus dem Mietvertrag in Annex B heraus und der Käufer stimmt hiermit der Löschung der gemäß § 8 eingetragenen Vormerkung zur Eigentumsübertragung bereits jetzt unwiderruflich zu. Das Teilrücktrittsrecht ist in diesem Zusammenhang das einzige Recht der Parteien und alle anderen vertraglichen oder gesetzlichen Rechte werden hiermit ausgeschlossen, es sei denn, das betreffende Einzelne Kaufobjekt ist ein Unabdingbares Einzel-Mietobjekt, oder zusammengerechnet mit allen anderen Einzelnen Kaufobjekten, für welche die aufschiebenden Bedingungen nicht innerhalb von sechs (6) Monaten ab dem Datum dieses Vertrages erfüllt wurden, kann die in § 4.3 lit. a) genannte 75 % Schwelle nicht mehr erreicht werden; in diesem Fall kann jede der Parteien vor dem Besitzübergang von diesem Vertrag insgesamt zurücktreten.
8. Im Falle eines Verstoßes gegen § 6.2 lit. a) ist der Käufer berechtigt, in Bezug auf das betreffende Einzelne Kaufobjekt von diesem Vertrag zurückzutreten. Das betreffende Einzelne Kaufobjekt fällt in diesem

not be entitled to claim any further damages exceeding that amount of liquidated damages.

7. If an Individual Purchase Object is destroyed completely or in major parts prior to the Transfer of Possession, each Party is entitled to withdraw from this Agreement with respect to the relevant Individual Purchase Object prior to the Transfer of Possession. In this event, the Individual Purchase Object does not become part of the lease agreement contained in Annex B and the Purchaser herewith irrevocably agrees to the cancellation of the priority notice of conveyance which has been recorded pursuant to Sec. 8. The partial withdrawal right shall be the exclusive right of the Parties in this respect and any other contractual and statutory rights shall be excluded herewith, unless the affected Individual Purchase Object is a Must-Have Individual Leased Object or, when taken together with all Individual Purchase Objects for which conditions precedent have not been fulfilled within six (6) months from the date of this Agreement, the 75 % threshold set forth in Sec. 4.3 lit. a) can no longer be fulfilled, in which case each of the Parties may withdraw from this Agreement in its entirety prior to the Transfer of Possession.
8. In the event of a breach of Sec. 6.2 lit. a), the Purchaser is entitled to withdraw from this Agreement with respect to the relevant Individual Purchase Object. In this event, the Individual Purchase Object does not

Fall aus dem Mietvertrag in Annex B heraus und der Käufer stimmt hiermit der Löschung der gemäß § 8 eingetragenen Vormerkung zur Eigentumsübertragung bereits jetzt unwiderruflich zu. Sofern es sich bei dem betroffenen Einzelnen Kaufobjekt um ein Unabdingbares Einzel-Mietobjekt handelt, oder sofern, zusammengerechnet mit allen anderen Einzelnen Kaufobjekten, die den Verstoß gegen § 6.2 lit. a) verursacht haben, die in § 4.3 lit. a) genannte 75 % Schwelle nicht mehr erreicht werden kann, so kann der Käufer von diesem Vertrag insgesamt zurücktreten. Es gelten §§ 346 f. BGB. § 6.5 bleibt unberührt. In diesem Fall ist § 14. 3 lit. b) entsprechend anwendbar. D.h. der Käufer kann eine Vertragsstrafe in Höhe von EUR 3.000.000,00 verlangen, sofern die Voraussetzungen gemäß § 14,3 lit. b) hinsichtlich des entsprechenden Einzelnen Kaufobjektes eingetreten sind.

9. Ein Rücktritt gemäß diesem § 14 kann in Form einer schriftlichen Erklärung (per Telefax ist ausreichend) gegenüber dem amtierenden Notar, der zur Entgegennahme einer solchen Erklärung im Namen aller Parteien dieses Vertrages bevollmächtigt ist, oder gegenüber der jeweils anderen Partei (mit Kopie an den Notar) erfolgen. Der amtierende Notar wird die anderen Parteien unverzüglich nach Erhalt einer solchen Erklärung benachrichtigen.

become part of the lease agreement contained in Annex B and the Purchaser herewith irrevocably agrees to the cancellation of the priority notice of conveyance which has been recorded pursuant to Sec. 8. If the affected Individual Purchase Object is a Must-Have Individual Leased Object or, when taken together with all Individual Purchase Objects which caused the breach of Sec. 6.2 lit. a), the 75 % threshold set forth in Sec. 4.3 lit. a) can no longer be fulfilled, the Purchaser may withdraw from this Agreement in its entirety. Sec. 346 et seq. BGB shall apply. Sec. 6.5 shall remain unaffected. However, Sec. 14.3 lit. b) shall apply *mutatis mutandis* in this event, *i.e.*, the Purchaser may claim liquidated damages of EUR 3,000,000 if the requirements of Sec. 14.3 lit. b) are met with regard to such Individual Purchase Object.

9. Any withdrawal under this Sec. 14 may be given in the form of a written statement (fax is sufficient) to the officiating Notary who is authorised to receive such statement on behalf of all parties to this Agreement or to the relevant other Party (with a copy to the Notary). The officiating Notary shall inform the other Parties promptly after receipt of such statement.

**§ 15  
Sonstiges**

1. Änderungen dieses Kaufvertrags bedürfen zu ihrer Wirksamkeit der Schriftform, soweit nicht kraft Gesetzes notarielle Beurkundung ausdrücklich vorgeschrieben ist. Dies gilt auch für eine etwaige Abbedingung dieses Schriftformerfordernisses.
2. Soweit im Rahmen dieses Kaufvertrags Rechte und/oder Pflichten von dem Käufer an Stelle des Verkäufers übernommen werden oder der Käufer in Rechte und/oder Pflichten an Stelle des Verkäufers eintritt, beinhaltet dies zugleich die Verpflichtung des Käufers zur Weiterübertragung entsprechender Pflichten auf weitere Rechtsnachfolger (einschließlich dieser Weiterübertragungsverpflichtung). Die Übernahme von Rechten und/oder Pflichten oder der Eintritt in Rechte und/oder Pflichten durch den Käufer an Stelle des Verkäufers erfolgt jeweils im Verhältnis der Parteien mit Wirkung zum Besitzübergang. Sollte die Übernahme von Rechten und/oder Pflichten oder der Eintritt in Rechte und/oder Pflichten durch den Käufer an Stelle des Verkäufers die Zustimmung von Dritten erfordern, werden sich die Parteien für den Fall, dass der betreffende Dritte die Zustimmung nicht erklären sollte, im Innenverhältnis so stellen, als ob die Übernahme von Rechten und/oder Pflichten oder der Eintritt in Rechte und/oder Pflichten im Außenverhältnis zum Dritten nach Maßgabe der vorstehenden Regelung wirksam erfolgt wäre.
3. Falls einzelne Bestimmungen dieses Kaufvertrags unwirksam sein sollten,

**Section 15  
Miscellaneous**

1. Amendments to this Agreement require written form in order to be valid, to the extent that the law does not expressly require notarization. This also applies for a waiver of this requirement of written form.
2. Insofar as rights and/or obligations are assumed by the Purchaser in place of the Seller, or the Purchaser enters into rights and/or obligations in place of the Seller, as provided for in this Agreement, this also includes the Purchaser's obligation to reassign the corresponding obligations to additional legal successors (including this obligation to reassign). In each instance, the assumption of rights and/or obligations or the entry into rights and/or obligations by the Purchaser in place of the Seller shall take place in the relationship of the Parties with effect as of the Transfer of Possession. If the consent of third parties is required for the assumption of rights and/or obligations or the entry into rights and/or obligations by the Purchaser in place of the Seller, in the event that the respective third party does not declare its consent, the Parties will, in their relationship inter se, place each other in the positions in which they would have been had the assumption of rights and/or obligations validly taken effect vis-à-vis third parties in accordance with the aforementioned provision.
3. If individual provisions of this Agreement are invalid, or if this Agreement contains

oder dieser Kaufvertrag Lücken enthält, wird dadurch die Wirksamkeit der übrigen Bestimmungen nicht berührt. Anstelle der unwirksamen Bestimmung werden die Parteien diejenige wirksame Bestimmung vereinbaren, welche dem Sinn und Zweck der unwirksamen Bestimmung entspricht. Im Falle von Lücken werden die Parteien diejenige Bestimmung vereinbaren, die dem entspricht, was nach Sinn und Zweck dieses Kaufvertrags vernünftigerweise vereinbart worden wäre, hätte man die Angelegenheit von vornherein bedacht.

4. Dieser Kaufvertrag unterliegt dem materiellen Recht der Bundesrepublik Deutschland unter Ausschluss des UN-Kaufrechts (CISG).
5. Der Gerichtsstand für alle sich aus oder im Zusammenhang mit diesem Kaufvertrag ergebenden Streitigkeiten ist – soweit gesetzlich zulässig – Düsseldorf.
6. Die Parteien haben Änderungen ihrer Anschrift, die von der in der Rahmenurkunde genannten abweichen, unverzüglich schriftlich der jeweils anderen Partei und dem Notar mitzuteilen.
7. MPT RHM Sonnenwende S.à r.l. wird als Beauftragter für alle Käufer und für MPT Operating Partnership, L.P. aus oder im Zusammenhang mit diesem Vertrag handeln und ist bevollmächtigt, sämtliche Mitteilungen, Erklärungen oder Dokumente aus oder im Zusammenhang mit diesem Vertrag an den Verkäufer oder

any gaps, this does not affect the validity of the remaining provisions. Instead of the invalid provision, the parties will agree on that valid provision which corresponds to the intention and purpose of the invalid provision. In the case of gaps, the parties will agree on that provision which corresponds to what would have been reasonably agreed in light of the intent and purpose of this Agreement if the matter had been considered at the beginning.

4. This Agreement shall be governed by the substantive laws of the Federal Republic of Germany, the application of the UN sales convention (CISG) being excluded.
5. The court of jurisdiction in relation to any legal disputes arising from or in connection with this Agreement shall be – to the extent legally permissible – Düsseldorf.
6. The parties shall inform each other and the Notary in writing without undue delay in case of any change of their addresses mentioned in the Framework Deed.
7. MPT RHM Sonnenwende S.à r.l. shall act as agent for MPT Operating Partnership, L.P. under or in relation to this Agreement and be authorised (*bevollmächtigt*) to send (and receive) any notice, declaration or document under or in connection with this Agreement to (or from) the Seller or the Notary on behalf of MPT Operating Partnership, L.P.

den Notar im Namen aller Käufer und von MPT Operating Partnership, L.P. zu übersenden bzw. von dem Verkäufer oder dem Notar zu empfangen.

8. Die Parteien werden vertrauliche Informationen über die jeweils andere Partei, ihren Geschäftsbetrieb und Angelegenheiten bzw. die hierin vorgesehenen Transaktionen streng vertraulich behandeln (die "Vertraulichkeitsverpflichtung"), mit der Maßgabe, dass diese Vertraulichkeitsverpflichtung bis zwei Jahre nach Besitzübergang gilt. Sollten die Voraussetzungen für den Besitzübergang nicht vorliegen, gilt diese Vertraulichkeitsverpflichtung drei Jahre ab dem heutigen Tage. Presseerklärungen sind von den Parteien gegenseitig zu genehmigen.

Unbeschadet etwaiger anderslautender Bestimmungen in diesem Vertrag kann der Käufer offen legen, dass er diesen Kaufvertrag und den Mietvertrag geschlossen hat, und Informationen hinsichtlich dieser Verträge, des Verkäufers, des Kaufgegenstandes und sonstige (nach vernünftiger Einschätzung des Käufers) erforderliche Informationen zur Verfügung stellen und offen legen, die seinen potenziellen Investoren in einem öffentlichen oder privaten Angebot von Wertpapieren oder derzeitigen oder potenziellen Kreditgebern im Hinblick auf eine Finanzierung bezüglich des Kaufgegenstandes offengelegt werden sollen, sowie gegenüber Investoren, Analysten und sonstigen Dritten, die ein berechtigtes Interesse an den Bedingungen dieser Verträge haben.

8. The parties shall treat confidential information relating to the relevant other party, its business or affairs, or the transactions contemplated hereunder strictly confidential (the "Confidentiality Commitment"), provided that this Confidentiality Commitment will be valid for two years after the Transfer of Possession. In the event that conditions regarding the Transfer of Possession will not be fulfilled, the Confidentiality Commitment will be valid for three years as of today. Press releases are to be mutually approved by the Parties.

Notwithstanding anything contained herein to the contrary, Purchaser may disclose that Purchaser has entered into this Agreement and the lease agreement and may provide and disclose information regarding these agreements, the Seller, the Purchase Object and such additional information as is necessary (in the reasonable opinion of the Purchaser) to be disclosed to its proposed investors in a public offering or private offering of securities, or to any current or prospective lenders with respect to a financing in relation to the Purchase Object, and to investors, analysts, and other parties which have a legitimate interest in the terms of these agreements.

Außerdem können der Verkäufer und seine verbundenen Unternehmen diese Informationen gegenüber ihren Gesellschaftern und Investoren sowie ihren finanzierenden Banken offen legen.

Beide Parteien können diese Informationen gegenüber Dritten offen legen, um ihre jeweiligen Rechte aus diesem Kaufvertrag oder dem Mietvertrag auszuüben (oder zu schützen).

Likewise, the Seller and its affiliates may disclose such information to its shareholders and investors as well as to its financing banks.

Both Parties may disclose any such information to any third party in exercising (or protecting) any of their respective rights under this Agreement or the lease agreement.

**§ 16  
Anlagen**

Anlage 1.1	Kaufgegenstand
Anlage 4 .9	Teilmietfläche des Einzelnen Kaufobjekts 1
Anlage 6.2	Disclosure Schedule
Anlage 6.2 q)	Finanzinformationen
Anlage 6.7	Datenraumindex
Anlage 7.2	Zu übernehmende Verträge
Anlage 7.3	Unterwerfung unter die sofortige Zwangsvollstreckung
Anlage 7.6	Neue Belastungen

**Section 16  
Annexes**

Annex 1.1	Purchase Object
Annex 4.9	Portion of rentable area of the Individual Purchase Object 1
Annex 6.2	Disclosure Schedule
Annex 6.2 q)	Financial Information
Annex 6.7	Data Room Index
Annex 7.2	Contracts to be assumed
Annex 7.3	Submission to immediate Enforcement
Annex 7.6	New encumbrances

Im Falle von Widersprüchen zwischen diesem Kaufvertrag und den vorstehend genannten Anlagen sind die Bestimmungen dieses Vertrages maßgeblich, wobei die Anlagen untereinander gleichrangig sind.

In case of contradictions between this Agreement and the aforementioned Annexes the provisions of this Agreement shall prevail whereas the Annexes shall be of equal order.



The image shows two handwritten signatures and their corresponding names. On the left, the name 'R. Fabian' is written in a cursive script. To its right is a large, stylized signature. Below this large signature, the name 'Knut H. Now' is written in a similar cursive script.



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I, Edward K. Aldag, Jr., certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Medical Properties Trust, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2013

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.  
Chairman, President and Chief Executive Officer of Medical Properties  
Trust, Inc.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I, R. Steven Hamner, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Medical Properties Trust, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2013

/s/ R. Steven Hamner

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R. Steven Hamner  
Executive Vice President and Chief Financial Officer of Medical  
Properties Trust, Inc.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I, Edward K. Aldag, Jr., certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of MPT Operating Partnership, L.P.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2013

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer of the sole member of the general partner of MPT Operating Partnership, L.P.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I, R. Steven Hamner, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of MPT Operating Partnership, L.P.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2013

/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.

**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**

In connection with this quarterly report on Form 10-Q of Medical Properties Trust, Inc. (the "Company") for the quarter ended September 30, 2013 (the "Report"), each of the undersigned, Edward K. Aldag, Jr. and R. Steven Hamner, certifies, pursuant to Section 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2013

/s/ Edward K. Aldag, Jr.

\_\_\_\_\_  
Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer of Medical Properties  
Trust, Inc.

/s/ R. Steven Hamner

\_\_\_\_\_  
R. Steven Hamner

Executive Vice President and Chief Financial Officer of Medical  
Properties Trust, Inc.

**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**

In connection with this quarterly report on Form 10-Q of MPT Operating Partnership, L.P. (the "Company") for the quarter ended September 30, 2013 (the "Report"), each of the undersigned, Edward K. Aldag, Jr. and R. Steven Hamner, certifies, pursuant to Section 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2013

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer of the sole member of  
the general partner of MPT Operating Partnership, L.P.

/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.