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

FORM 10-Q

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

For the quarterly period ended September 30, 2011

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

MEDICAL PROPERTIES TRUST, INC.
MPT OPERATING PARTNERSHIP, L.P.
(Exact Name of Registrant as Specified in Its Charter)

MARYLAND **DELAWARE**	**20-0191742** **20-0242069**
(State or other jurisdiction of incorporation or organization)	**(I. R. S. Employer Identification No.)**
1000 URBAN CENTER DRIVE, SUITE 501 **BIRMINGHAM, AL**	**35242**
(Address of principal executive offices)	**(Zip Code)**

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

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	☒ (Medical Properties Trust, Inc. only)	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company) (MPT Operating Partnership, L.P. only)	Smaller reporting company	☐

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 7, 2011, the registrant had 111,700,249 shares of common stock, par value $.001, outstanding.

**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, 2011**

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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, 2011 (Unaudited)	December 31, 2010 (Note 2)
Assets		
Real estate assets		
Land, buildings and improvements, and intangible lease assets	$ 1,258,288	$1,032,369
Mortgage loans	165,000	165,000
Gross investment in real estate assets	1,423,288	1,197,369
Accumulated depreciation and amortization	(100,772)	(76,094)
Net investment in real estate assets	1,322,516	1,121,275
Cash and cash equivalents	114,368	98,408
Interest and rent receivable	28,822	26,176
Straight-line rent receivable	34,603	28,912
Other loans	56,131	50,985
Other assets	39,249	23,058
Total Assets	**$ 1,595,689**	**$1,348,814**
Liabilities and Equity		
Liabilities		
Debt, net	$ 649,013	$ 369,970
Accounts payable and accrued expenses	57,666	35,974
Deferred revenue	23,576	23,137
Lease deposits and other obligations to tenants	27,770	20,157
Total liabilities	758,025	449,238
Equity		
Preferred stock, $0.001 par value. Authorized 10,000 shares; no shares outstanding	—	—
Common stock, $0.001 par value. Authorized 150,000 shares; issued and outstanding — 110,647 shares at September 30, 2011, and 110,225 shares at December 31, 2010	111	110
Additional paid in capital	1,054,040	1,051,785
Distributions in excess of net income	(204,343)	(148,530)
Accumulated other comprehensive loss	(11,982)	(3,641)
Treasury shares, at cost	(262)	(262)
Total Medical Properties Trust, Inc. stockholders' equity	837,564	899,462
Non-controlling interests	100	114
Total equity	837,664	899,576
Total Liabilities and Equity	**$ 1,595,689**	**$1,348,814**

See accompanying notes to condensed consolidated financial statements.

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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, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Revenues				
Rent billed	$ 30,738	$ 23,472	$ 88,519	$ 69,032
Straight-line rent	1,802	(1,124)	5,606	469
Interest and fee income	5,251	6,296	15,812	20,594
Total revenues	37,791	28,644	109,937	90,095
Expenses				
Real estate depreciation and amortization	8,430	6,209	24,678	18,100
Impairment charge	—	—	564	12,000
Property-related	312	600	629	2,055
General and administrative	5,736	5,849	20,428	20,532
Acquisition expenses	530	364	3,186	1,314
Total operating expenses	15,008	13,022	49,485	54,001
Operating income	22,783	15,622	60,452	36,094
Other income (expense)				
Interest income and other	51	1,475	58	1,488
Debt refinancing costs	(10,425)	(342)	(14,214)	(6,556)
Interest expense	(11,935)	(8,092)	(32,462)	(26,106)
Net other expense	(22,309)	(6,959)	(46,618)	(31,174)
Income from continuing operations	474	8,663	13,834	4,920
Income (loss) from discontinued operations	(6)	301	141	7,463
Net income	468	8,964	13,975	12,383
Net income attributable to non-controlling interests	(43)	(45)	(131)	(63)
Net income attributable to MPT common stockholders	**$ 425**	**$ 8,919**	**$ 13,844**	**$ 12,320**
Earnings per common share — basic and diluted				
Income from continuing operations attributable to MPT common stockholders	$ —	$ 0.08	$ 0.12	$ 0.04
Income from discontinued operations attributable to MPT common stockholders	—	—	—	0.08
Net income attributable to MPT common stockholders	$ —	$ 0.08	$ 0.12	$ 0.12
Weighted average shares outstanding:				
Basic	110,714	110,046	110,568	97,573
Diluted	110,719	110,046	110,576	97,575
Dividends declared per common share	**$ 0.20**	**$ 0.20**	**$ 0.60**	**$ 0.60**

See accompanying notes to condensed consolidated financial statements.

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

	For the Nine Months Ended September 30,	
	2011	2010
	(In thousands)	
Operating activities		
Net income	$ 13,975	$ 12,383
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	25,254	19,634
Straight-line rent revenue	(5,606)	(587)
Share-based compensation	5,293	5,250
Gain on sale of real estate	(5)	(7,693)
Impairment	564	12,000
Increase (decrease) in accounts payable and accrued liabilities	13,317	2,899
Amortization and write-off of deferred financing costs and debt discount	8,523	4,961
Premium paid on extinguishment of debt	13,091	3,834
Other adjustments	(7,278)	(5,188)
Net cash provided by operating activities	67,128	47,493
Investing activities		
Real estate acquired	(196,511)	(73,851)
Principal received on loans receivable	2,898	46,532
Proceeds from sale of real estate	—	75,000
Investment in loans receivable and other investments	(16,800)	(9,626)
Construction in progress and other	(12,297)	(15,578)
Net cash (used for) provided by investing activities	(222,710)	22,477
Financing activities		
Revolving credit facilities, net	39,600	(137,200)
Additions to term debt	450,000	148,500
Payments of term debt	(237,810)	(216,325)
Distributions paid	(67,194)	(54,761)
Sale of common stock, net	—	288,470
Lease deposits and other obligations to tenants	7,613	2,233
Debt issuance costs paid and other financing activities	(20,667)	(9,713)
Net cash provided by financing activities	171,542	21,204
Increase in cash and cash equivalents for period	15,960	91,174
Cash and cash equivalents at beginning of period	98,408	15,307
Cash and cash equivalents at end of period	**$ 114,368**	**$ 106,481**
Interest paid	18,761	20,846
Supplemental schedule of non-cash investing activities:		
Real estate acquired via assumption of mortgage loan	(14,592)	—
Supplemental schedule of non-cash financing activities:		
Distributions declared, unpaid	22,407	22,326
Assumption of mortgage loan (as part of real estate acquired)	14,592	—

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands)	September 30, 2011 (Unaudited)	December 31, 2010 (Note 2)
Assets		
Real estate assets		
Land, buildings and improvements, and intangible lease assets	$ 1,258,288	$1,032,369
Mortgage loans	165,000	165,000
Gross investment in real estate assets	1,423,288	1,197,369
Accumulated depreciation and amortization	(100,772)	(76,094)
Net investment in real estate assets	1,322,516	1,121,275
Cash and cash equivalents	114,368	98,408
Interest and rent receivable	28,822	26,176
Straight-line rent receivable	34,603	28,912
Other loans	56,131	50,985
Other assets	39,249	23,058
Total Assets	**$ 1,595,689**	**$1,348,814**
Liabilities and Capital		
Liabilities		
Debt, net	$ 649,013	$ 369,970
Accounts payable and accrued expenses	35,308	13,658
Deferred revenue	23,576	23,137
Lease deposits and other obligations to tenants	27,770	20,157
Payable due to Medical Properties Trust, Inc.	21,923	21,943
Total liabilities	757,590	448,865
Capital		
General Partner – issued and outstanding – 1,106 units at September 30, 2011 and 1,102 units at December 31, 2010	8,500	9,035
Limited Partners:		
Common units – issued and outstanding – 109,541 units at September 30, 2011 and 109,123 units at December 31, 2010	841,481	894,441
LTIP units – issued and outstanding – 94 units at September 30, 2011 and 94 units at December 31, 2010	—	—
Accumulated other comprehensive loss	(11,982)	(3,641)
Total MPT Operating Partnership capital	837,999	899,835
Non-controlling interests	100	114
Total capital	838,099	899,949
Total Liabilities and Capital	**$ 1,595,689**	**$1,348,814**

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, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Revenues				
Rent billed	$ 30,738	$ 23,472	$ 88,519	$ 69,032
Straight-line rent	1,802	(1,124)	5,606	469
Interest and fee income	5,251	6,296	15,812	20,594
Total revenues	37,791	28,644	109,937	90,095
Expenses				
Real estate depreciation and amortization	8,430	6,209	24,678	18,100
Impairment charge	—	—	564	12,000
Property-related	312	600	629	2,055
General and administrative	5,718	5,858	20,366	20,458
Acquisition expenses	530	364	3,186	1,314
Total operating expenses	14,990	13,031	49,423	53,927
Operating income	22,801	15,613	60,514	36,168
Other income (expense)				
Interest income and other	51	1,475	58	1,488
Debt refinancing costs	(10,425)	(342)	(14,214)	(6,556)
Interest expense	(11,935)	(8,092)	(32,462)	(26,106)
Net other expense	(22,309)	(6,959)	(46,618)	(31,174)
Income (loss) from continuing operations	492	8,654	13,896	4,994
Income (loss) from discontinued operations	(6)	301	141	7,463
Net income	486	8,955	14,037	12,457
Net income attributable to non-controlling interests	(43)	(45)	(131)	(63)
Net income attributable to MPT Operating Partnership partners	**$ 443**	**$ 8,910**	**$ 13,906**	**$ 12,394**
Earnings per units — basic and diluted				
Income (loss) from continuing operations attributable to MPT Operating Partnership partners	$ —	$ 0.08	$ 0.12	$ 0.04
Income from discontinued operations attributable to MPT Operating Partnership partners	—	—	—	0.08
Net income attributable to MPT Operating Partnership Partners	$ —	$ 0.08	$ 0.12	$ 0.12
Weighted average units outstanding:				
Basic	110,714	110,046	110,568	97,573
Diluted	110,719	110,046	110,576	97,575
Dividends declared per unit	**$ 0.20**	**$ 0.20**	**$ 0.60**	**$ 0.60**

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

	For the Nine Months Ended September 30, 2011	2010
	(In thousands)	
Operating activities		
Net income	$ 14,037	$ 12,457
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	25,254	19,634
Straight-line rent revenue	(5,606)	(587
Unit-based compensation	5,293	5,250
Gain on sale of real estate	(5)	(7,693)
Impairment	564	12,000
Increase (decrease) in accounts payable and accrued liabilities	13,254	2,825
Amortization and write-off of deferred financing costs and debt discount	8,523	4,961
Premium paid on extinguishment of debt	13,091	3,834
Other adjustments	(7,277)	(5,188)
Net cash provided by operating activities	67,128	47,493
Investing activities		
Real estate acquired	(196,511)	(73,851)
Principal received on loans receivable	2,898	46,532
Proceeds from sale of real estate	—	75,000
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Construction in progress and other	(12,297)	(15,578)
Net cash (used for) provided by investing activities	(222,710)	22,477
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Revolving credit facilities, net	39,600	(137,200)
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Distributions paid	(67,194)	(54,761)
Sale of common units, net	—	288,470
Lease deposits and other obligations to tenants	7,613	2,233
Debt issuance costs paid and other financing activities	(20,667)	(9,713)
Net cash provided by financing activities	171,542	21,204
Increase in cash and cash equivalents for period	15,960	91,174
Cash and cash equivalents at beginning of period	98,408	15,307
Cash and cash equivalents at end of period	**$ 114,368**	**$ 106,481**
Interest paid	18,761	20,846
Supplemental schedule of non-cash investing activities:		
Real estate acquired via assumption of mortgage loan	(14,592)	—
Supplemental schedule of non-cash financing activities:		
Distributions declared, unpaid	22,407	22,326
Assumption of mortgage loan (as part of real estate acquired)	14,592	—

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 a taxable REIT subsidiaries ("TRS"). Our TRSs are subject to both 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 manage our business as a single business segment.

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, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. The condensed consolidated balance sheet at December 31, 2010 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, as amended, for the year ended December 31, 2010 along with updates (if needed) provided in our Form 10-Qs filed in 2011.

3. Real Estate and Lending Activities

Acquisitions

On January 4, 2011, we acquired the real estate of the 19-bed, 4-year old Gilbert Hospital in a suburb of Phoenix, Arizona area for $17.1 million. Gilbert Hospital is operated by affiliates of Visionary Health, LLC, the same group that we expect will also operate the hospital that we are currently developing in Florence, Arizona. We acquired this asset subject to an existing lease that expires in May 2022.

On January 31, 2011, we acquired for $23.5 million the real estate of the 60-bed Atrium Medical Center at Corinth in the Dallas area, a long-term acute care hospital that was completed in 2009 and is subject to a lease that expires in June 2024. In addition, through one of our affiliates, we invested $1.3 million to acquire approximately 19% of a joint venture arrangement with an affiliate of Vibra Healthcare, LLC ("Vibra") that will manage and has acquired a 51% interest in the operations of the facility. We also made a $5.2 million working capital loan to the joint venture. The former operators of the hospital, comprised primarily of local physicians, retained ownership of 49% of the operating entity.

On February 4, 2011, we purchased for $58 million the real estate of Bayonne Medical Center, a 6-story, 278-bed acute care hospital in the New Jersey area of metropolitan New York, and leased the facility to the operator under a 15-year lease, with six 5-year extension options. The operator is an affiliate of a private hospital operating company that acquired the hospital in 2008.

On February 9, 2011, we acquired the real estate of the 306-bed Alvarado Hospital in San Diego, California for $70 million from Prime Healthcare Services, Inc. ("Prime"). Prime is the operator of the facility and will lease the facility under a 10-year lease that provides, under certain conditions for lease extensions.

On February 14, 2011, we completed the acquisition of the Northland LTACH Hospital located in Kansas City, a 35-bed hospital that opened in April 2008 and has a lease that expires in 2028. This hospital was part of a three property acquisition announced in

December 2010 and is currently being operated by Kindred Healthcare Inc. (formerly RehabCare). The purchase price of this hospital was $19.5 million, which included the assumption of a $16 million existing mortgage loan that matures in January 2018.

On July 18, 2011, we acquired the real estate of the 40-bed Vibra Specialty Hospital of DeSoto in Desoto, Texas for $13.0 million. Vibra Specialty Hospital of DeSoto is a new long-term acute care hospital that is currently ramping up its operations. This facility will be leased to a subsidiary of Vibra for a fixed term of 15 years with options to extend. In addition, we have made a $2.5 million equity investment in the operator of this facility for a 25% equity ownership.

On September 30, 2011, we purchased the real estate of a 40-bed long-term acute care facility in New Braunfels, Texas for $10.0 million. This facility will be leased to an affiliate of Post Acute Medical, LLC for a fixed term of 15 years with options to extend. In addition, we have made a $1.4 million equity investment for a 25% equity ownership in the operator of this facility and funded a $2.0 million working capital loan.

On June 17, 2010, we acquired three inpatient rehabilitation hospitals in Texas for an aggregate purchase price of $74 million. The properties acquired had existing leases in place, which we assumed, that have initial terms expiring in 2033. Each lease may, subject to conditions, be renewed by the operator for two additional ten-year terms.

As part of these acquisitions, we purchased the following assets: (dollar amounts in thousands)

	2011	2010
Land	$ 17,218	$ 6,264
Building	178,535	61,893
Intangible lease assets — subject to amortization (weighted average useful life of 13.5 years in 2011 and 23.1 years in 2010)	15,351	5,694
Total	$211,104	$73,851

The purchase price allocations attributable to the identifiable assets acquired and liabilities assumed related to the acquisitions made in 2011 are final except for the New Braunfels property. When all relevant information is obtained, resulting changes, if any, to our provisional purchase price allocation will be retrospectively adjusted to reflect new information obtained about the facts and circumstances that existed as of the respective acquisition date that, if known, would have affected the measurement of the amounts recognized.

From the respective acquisition dates, the seven hospitals acquired in 2011 contributed $5.5 million and $14.0 million of revenue and $3.7 million and $9.1 million of income (excluding related acquisition expenses) for the three and nine months ended September 30, 2011, respectively. In addition, we incurred $0.5 million and $3.2 million of acquisition related costs on consummated and non-consummated deals for the three and nine months ended September 30, 2011.

From the respective acquisition dates, the three hospitals acquired in 2010 contributed $1.9 million and $2.2 million of revenue and $1.4 million and $1.7 million of income (excluding related acquisition expenses) for the three and nine months ended September 30, 2010, respectively. In addition, we incurred $0.4 million and $1.3 million of acquisition related costs during the three and nine months ended September 30, 2010.

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 2011 and 2010, as if each acquisition in 2011 and 2010 was consummated on the same terms at the beginning of 2010. Supplemental pro forma earnings were adjusted to exclude acquisition-related costs on consummated deals incurred in the three and nine months ended September 30, 2011 and 2010 (dollar amounts in thousands except per share/unit data).

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Total revenues	$ 38,115	$ 34,986	$113,467	$109,522
Net income	446	11,551	17,161	12,710
Net income per share/unit – diluted	$ —	$ 0.10	$ 0.15	$ 0.12

Disposals

In April 2010, we sold the real estate of our Centinela Hospital, a 369-bed acute care medical center located in Inglewood, California, to Prime, for $75 million resulting in a gain of approximately $6 million. Due to this sale, operating results of our Inglewood facility have been included in discontinued operations for all prior periods.

Leasing Operations

As noted in our second quarter filing, the operator of our Denham Springs facility in Louisiana has not made all the payments required by the real estate lease agreement, and thus, the tenant is in default. During the second quarter of 2011, we evaluated alternative strategies for the recovery of our advances and accruals and at that time determined that the future cash flows of the current tenant and/or related collateral would, more likely than not, result in less than a full recovery of our receivables. As a result, we fully reserved for all outstanding receivables (including $1.5 million in billed rent, $0.2 million of unbilled rent, and $0.1 million of other receivables) with the exception of the $0.7 million promissory note that we expect is recoverable from existing collateral. In addition, we recorded a $0.6 million impairment charge against the real estate during the second quarter of 2011. We have not recorded any rental revenue or reversed previously established reserves during the third quarter, except for $0.2 million, which represents payments received from the tenant subsequent to the second quarter. At September 30, 2011, we continue to believe, based on existing collateral and the current real estate market, that the $0.7 million loan and the $4.4 million of real estate are fully recoverable; however, no assurances can be made that future reserves will not be needed.

As of September 30, 2011, we have advanced $28.8 million to the operator/lessee of Monroe Hospital in Bloomington, Indiana pursuant to a working capital loan agreement, including $0.6 million advanced in the 2011 third quarter related to a project at Monroe designed to increase revenue at the facility. In addition, as of September 30, 2011, we have $14.6 million of rent, interest and other charges owed to us by the operator, of which $5.5 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 the first quarter of 2010, we evaluated alternative strategies for the recovery of our advances and accruals and at that time determined that the future cash flows of the current tenant or related collateral would, more likely than not, result in less than a full recovery of our loan advances. Accordingly, we recorded a $12 million charge in the 2010 first quarter to recognize the estimated impairment of the working capital loan. During the third quarter of 2010, we determined that it was reasonably likely that the existing tenant would be unable to make certain lease payments that become due in future years. Accordingly, we recorded a valuation allowance for unbilled straight-line rent in the amount of $2.5 million. At September 30, 2011, our net investment (exclusive of the related real estate) of $31.4 million is our maximum exposure to Monroe and the amount is deemed collectible/recoverable. In making this determination, we considered our first priority secured interest in approximately (i) $7 million in hospital patient receivables, (ii) cash balances of approximately $4 million, (iii) 100% of the membership interests of the operator/lessee and our assessment of the realizable value of our other collateral and (iv) continued improvement in operational revenue statistics compared to previous years.

We continue to evaluate possible strategies for the Monroe hospital. We have entered into a forbearance agreement with the operator whereby we have generally agreed, under certain conditions, not to fully exercise our rights and remedies under the lease and loan agreements during limited periods. We have not committed to the adoption of a plan to transition ownership or management of the Monroe hospital to any new operator, and there is no assurance that any such plan will be completed. Moreover, there is no assurance that any plan that we ultimately pursue will not result in additional charges for further impairment of our working capital loan. We have not recognized any interest income on the Monroe loan since it was considered impaired in the 2010 first quarter.

In September 2010, we exchanged properties with one of our tenants. In exchange for our acute care facility in Cleveland, Texas, we received a similar acute care facility in Hillsboro, Texas. The lease that was in place on our Cleveland facility was carried over to the new facility with no change in lease term or lease rate. This exchange was accounted for at fair value, resulting in a gain of $1.3 million (net of $0.2 million from the write-off of straight-line rent receivables).

In March 2010, we re-leased our Covington facility, located in Covington, Louisiana. The lease has a fixed term of 15 years with an option, at the lessee's discretion, to extend the term for three additional periods of five years each. Under the terms of the lease, rent during 2010 was based on an annual rate of $1.4 million, and on January 1, 2011, rent began increasing annually by 2%. At the end of each term, the tenant has the right to purchase the facility at a price generally equivalent to the greater of our undepreciated cost and fair market value. Separately, we also obtained an interest in the operations of the tenant whereby we may receive additional consideration based on the profitability of such operations.

In the 2010 second quarter, Prime paid us $12 million in additional rent related to our Shasta property, and we terminated our agreements with Prime concerning the additional rent, which could have paid us up to $20 million over the 10 year lease life. Of this $12 million in additional rent, $3.5 million has been recognized in income from lease inception through September 30, 2011, and we expect to recognize the other $8.5 million into income over the remainder of the lease life.

Loans

In April 2010, Prime repaid $40 million in other loans plus accrued interest.

Concentrations of Credit Risk

For the three months ended September 30, 2011 and 2010, revenue from affiliates of Prime (including rent and interest from loans) accounted for 30.9% and 33.8%, respectively, of total revenue. For the three months ended September 30, 2011 and 2010, revenue from Vibra (including rent and interest from working capital loans) accounted for 12.4% and 15.4%, respectively, of total revenue.

For the nine months ended September 30, 2011 and 2010, revenue from affiliates of Prime (including rent and interest from loans) accounted for 31.1% and 33.4%, respectively, of total revenue. For the nine months ended September 30, 2011 and 2010, revenue from Vibra (including rent and interest from working capital loans) accounted for 12.6% and 14.7%, respectively, of total revenue.

4. Debt

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

	As of September 30, 2011		As of December 31, 2010	
	Balance	Interest Rate	Balance	Interest Rate
Revolving credit facilities	$ 39,600	Variable	$ —	Variable
2006 senior unsecured notes	125,000	Various	125,000	7.333% — 7.871%
2011 senior unsecured notes	450,000	6.875%	—	
Exchangeable senior notes:				
Principal amount	20,175	6.125% — 9.250%	91,175	6.125% — 9.250%
Unamortized discount	(248)		(2,585)	
	19,927		88,590	
Term loans:				
Principal amount	14,486	6.200%	157,683	Various
Unamortized discount	—		(1,303)	
	14,486		156,380	
	$649,013		$369,970	

As of September 30, 2011, principal payments due for our debt (which exclude the effects of any discounts recorded) are as follows:

2011	$ 9,232
2012	39,832
2013	11,249
2014	265
2015	283
Thereafter	588,400
Total	$649,261

To fund the acquisitions disclosed in Note 3, we used cash on-hand, borrowed on our revolving credit facilities, used a portion of the proceeds from the sale of the 2011 senior unsecured notes, and assumed a $16 million mortgage loan. This mortgage loan requires monthly principal and interest payments based on a 30-year amortization period. The mortgage loan has a fixed rate at 6.2%, matures on January 1, 2018 and can be prepaid after January 1, 2013, subject to a certain prepayment premium.

In April 2011, our Operating Partnership and a wholly-owned subsidiary of our Operating Partnership closed on a private offering of $450 million unsecured senior notes. These notes mature in 2021 and the interest rate is fixed at 6.875% per year. Contemporaneously with the closing of the notes, we repaid and terminated our $150 million term loan facility (which was part of the credit facility entered into in 2010) and our $9 million collateralized term loan facility. In connection with the notes offering, we amended our existing credit agreement, which now provides for a $330 million unsecured revolving credit facility that matures in October 2015. As part of this amendment, we also lowered our interest rate to (1) the higher of the "prime rate" or federal funds rate plus 0.5%, plus a spread initially set at 1.60%, but that is adjustable from 1.60% to 2.40% based on current total leverage, or (2) LIBOR plus a spread initially set at 2.60%, but that is adjustable from 2.60% to 3.40% based on current total leverage. We paid down in full this revolving credit facility's outstanding balance with the proceeds from the notes offering.

In the 2011 third quarter, we used proceeds from our 2011 senior unsecured notes offering to repurchase 86.6% of the outstanding 9.25% exchangeable senior notes due 2013 at a weighted average price of 118.4% of the principal amount (or $84.1 million) plus accrued and unpaid interest pursuant to a cash tender offer. The interest savings from the retirement of this debt will offset the majority of the premium paid to retire it, and the potential dilution effect from the convertible aspect of these notes is removed.

In connection with these 2011 refinancing activities, we recognized charges of $10.4 million and $14.2 million for the three and nine months ended September 30, 2011, respectively, related to the write-off of previously deferred loan costs and discounts associated with the payoff of the debt instruments noted above.

In April 2010, we completed a public offering of common stock (the "Offering") resulting in net proceeds, after underwriting discount and commissions, of approximately $279 million. See Note 5 to our condensed consolidated financial statements for further information. We used the net proceeds from the Offering to repurchase 93% of the outstanding 6.125% exchangeable senior notes due 2011 at a price of 103% of the principal amount plus accrued and unpaid interest (or $136.3 million) pursuant to a cash tender offer. In addition, we paid off a $30 million term loan. Finally, in May 2010, we closed on a $450 million credit facility, and the proceeds of such along with the Offering were used to repay in full all outstanding obligations under the previous credit facility. These refinancing activities resulted in a charge of $0.3 million and $6.6 million for the three and nine months ended September 30, 2010, respectively.

At September 30, 2011, $65 million of our 2006 senior unsecured notes carried a variable rate of 2.67%, while the remaining $60 million was fixed at rates ranging from 7.333% to 7.715%. During the second quarter 2010, we entered into an interest rate swap to fix $65 million of our $125 million senior unsecured notes, which started July 31, 2011 (date on which the interest rate turned variable) and will run 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 senior notes starting October 31, 2011 (date on which the related interest rate is scheduled to turn variable) through the maturity date (or October 2016) at a rate of 5.675%. At September 30, 2011, the fair value of the interest rate swaps is $12.0 million, which is reflected in accounts payable and accrued expenses on the condensed consolidated balance sheet.

We account for our interest rate swaps as cash flow hedges. Accordingly, the effective portion of changes in the fair value of our swaps is recorded as a component of accumulated other comprehensive income/loss on the balance sheet until the underlying debt matures while the ineffective portion is recorded through earnings. We estimate the fair value of interest rate swaps using the market standard methodology of netting the discounted fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of interest rates derived from observable market interest rate curves. In addition, credit valuation adjustments are incorporated in the fair values to account for potential nonperformance risk, both our own nonperformance risk and the respective counterparty's nonperformance risk. 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, 2011 or 2010.

Our debt facilities impose certain restrictions on us, including restrictions on our ability to: incur debts; grant liens; provide guarantees in respect of obligations of any other entity; make redemptions and repurchases of our capital stock; prepay, redeem or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate; and change our business. In addition, the agreements governing our debt facilities limit the amount of dividends we can pay to 95% of normalized adjusted funds from operations, as defined in the agreements, on a rolling four quarter basis starting for the fiscal quarter ending March 31, 2012 and thereafter. Prior to March 31, 2012, a similar dividend restriction exists but at a higher percentage for transitional purposes. These agreements also contain provisions for the mandatory prepayment of outstanding borrowings under these facilities from the proceeds received from the sale of properties, except a portion may be reinvested subject to certain limitations, as defined in the credit facility agreement.

In addition to these restrictions, the amended credit facility contains 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 borrowing base 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, 2011, we were in compliance with all such financial and operating covenants.

5. Common Stock

In April 2010, we completed a public offering of 26 million shares of common stock at $9.75 per share. Including the underwriters' purchase of 3.9 million additional shares to cover over allotments, net proceeds from the Offering, after underwriting discount and commissions, approximated $279 million. We used the net proceeds from the Offering to fund the tender offer as discussed in Note 4 with any remaining proceeds to be used for general corporate purposes including funding the acquisition in June 2010.

During the first quarter of 2010, we sold 0.9 million shares of our common stock under our at-the-market equity offering program, at an average price of $10.77 per share, for total proceeds, net of a 2% sales commission, of $9.5 million.

6. Stock Awards

Our Second Amended and Restated Medical Properties Trust, Inc. 2004 Equity Incentive Plan (the "Equity Incentive Plan") authorizes the issuance of common stock options, restricted stock, restricted stock units, deferred stock units, stock appreciation rights, performance units and awards of interests in our Operating Partnership. The Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. We have reserved 7,441,180 shares of common stock for awards under the Equity Incentive Plan for which 2,642,597 shares remain available for future stock awards as of September 30, 2011. We awarded the following during 2011 and 2010:

Time-based awards - We granted 269,085 and 277,680 shares in 2011 and 2010, respectively, of time-based restricted stock to management, independent directors, and certain employees. These awards vest quarterly based on service, over three years, in equal amounts.

Performance-based awards - Our management team and certain employees (2011 only) were awarded 229,938 and 182,600 performance based awards in 2011 and 2010, 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 carryforward provision through December 31, 2014 (for the 2010 awards) and December 31, 2015 (for the 2011 awards). Dividends on these awards are paid only upon achievement of the performance measures.

Multi-year Performance-based awards - We awarded 600,000 shares in 2011 of multi-year performance-based awards to management and certain employees. These shares are subject to three-year cumulative performance hurdles based on 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. Partner's Capital

The Operating Partnership is made up of a general partner, Medical Properties Trust, LLC ("General Partner") and limited partners including the Company (which owns 100% of the General Partner) and three other partners who are employees. By virtue of its ownership of the General Partner, the Company has a 99.9% ownership interest in Operating Partnership via its ownership of all the common units. The remaining ownership interest is held by the three employees via their ownership of LTIP units. These LTIP units were issued to the employees pursuant to the 2007 Multi-Year Incentive Plan, which is part of the Equity Incentive Plan and once vested in accordance with their award agreement, may be converted to common units per the Second Amended and Restated Agreement of Limited Partnership of MPT Operating Partnership, L.P. ("Operating Partnership Agreement")

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

The Operating Partnership's net income will generally be allocated first to the General Partner to the extent of any cumulative losses and then to the limited partners in accordance with their respective percentage interests in the common units issued by the Operating Partnership. Any losses of the Operating Partnership will generally be allocated first to the limited partners until their capital account is zero and then to the General Partner. In accordance with the Operating Partnership Agreement, LTIP units are treated as common units for purposes of income and loss allocations.

Limited partners have the right to require the Operating Partnership to redeem part or all of their common units. It is at the Operating Partnership's discretion to redeem such common units for cash based on the fair market value of an equivalent number of shares of the Company's common stock at the time of redemption, or alternatively, redeem the common units for shares of the Company's common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, or similar events. In order for LTIP units to be redeemed, they must first be converted to common units and then must wait two years from the issuance of the LTIP units to be redeemed.

8. 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 loans, interest, and other receivables by 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. We determine the fair value of our exchangeable notes based on quotes from securities dealers and market makers. We estimate the fair value of our senior notes, revolving credit facilities, and term loans based on the present value of future payments, discounted at a rate which we consider appropriate for such debt.

The following table summarizes fair value information for our financial instruments (dollar amounts in thousands):

	September 30, 2011		December 31, 2010	
Asset (Liability)	Book Value	Fair Value	Book Value	Fair Value
Interest and rent receivables	$ 28,822	$ 22,418	$ 26,176	$ 20,265
Loans	221,131	223,556	215,985	209,126
Debt, net	(649,013)	(597,802)	(369,970)	(359,910)

9. Discontinued Operations

In December 2010, we sold the real estate of our Montclair Hospital, an acute care medical center, to Prime for proceeds of $20.0 million. We realized a gain on the sale of $2.2 million.

In October 2010, we sold the real estate of our Sharpstown hospital in Houston, Texas to a third party for proceeds of $3.0 million resulting in a gain of $0.7 million.

In April 2010, we sold the real estate of our Centinela Hospital, a 369-bed acute care medical center located in Inglewood, California, to Prime for $75 million resulting in a gain of approximately $6 million.

The following table presents the results of discontinued operations, which include the revenue and expenses of the three previously-owned facilities noted above, for the three and nine months ended September 30, 2011 and 2010 (dollar amounts in thousands except per share/unit amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues	$ —	$ 572	$ —	$ 4,264
Gain on sale	—	—	5	6,178
Income (loss)	(6)	301	141	7,463
Earnings per share/unit — diluted	$ —	$ —	$ —	$ 0.08

10. Earnings Per Share/Common Unit

Medical Properties Trust, Inc.

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

	For the Three Months Ended September 30,	
	2011	2010
Numerator:		
Income (loss) from continuing operations	$ 474	$ 8,663
Non-controlling interests' share in continuing operations	(43)	(45)
Participating securities' share in earnings	(264)	(316)
Income (loss) from continuing operations, less participating securities' share in earnings	167	8,302
Income (loss) from discontinued operations attributable to MPT common stockholders	(6)	301
Net income, less participating securities' share in earnings	$ 161	$ 8,603

	For the Three Months Ended September 30,	
	2011	2010
Denominator		
Basic weighted-average common shares	110,714	110,046
Dilutive share options	5	—
Dilutive weighted-average common shares	110,719	110,046

	For the Nine Months Ended September 30,	
	2011	2010
Numerator:		
Income (loss) from continuing operations	$ 13,834	$ 4,920
Non-controlling interests' share in continuing operations	(131)	(63)
Participating securities' share in earnings	(860)	(994)
Income (loss) from continuing operations, less participating securities' share in earnings	12,843	3,863
Income (loss) from discontinued operations attributable to MPT common stockholders	141	7,463
Net income, less participating securities' share in earnings	$ 12,984	$ 11,326
Denominator		
Basic weighted-average common shares	110,568	97,573
Dilutive share options	8	2
Dilutive weighted-average common shares	110,576	97,575

MPT Operating Partnership, L.P.

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

	For the Three Months Ended September 30,	
	2011	2010
Numerator:		
Income (loss) from continuing operations	$ 492	$ 8,654
Non-controlling interests' share in continuing operations	(43)	(45)
Participating securities' share in earnings	(264)	(316)
Income (loss) from continuing operations, less participating securities' share in earnings	185	8,293
Income (loss) from discontinued operations attributable to MPT Operating Partnership partners	(6)	301
Net income, less participating securities' share in earnings	$ 179	$ 8,594
Denominator		
Basic weighted-average units	110,714	110,046
Dilutive options	5	—
Dilutive weighted-average units	110,719	110,046

	For the Nine Months Ended September 30,	
	2011	2010
Numerator:		
Income (loss) from continuing operations	$ 13,896	$ 4,994
Non-controlling interests' share in continuing operations	(131)	(63)
Participating securities' share in earnings	(860)	(994)
Income (loss) from continuing operations, less participating securities' share in earnings	12,905	3,937
Income (loss) from discontinued operations attributable to MPT Operating Partnership partners	141	7,463
Net income, less participating securities' share in earnings	$ 13,046	$ 11,400
Denominator		
Basic weighted-average units	110,568	97,573
Dilutive options	8	2
Dilutive weighted-average units	110,576	97,575

For the three and nine months ended September 30, 2011 and 2010, 0.1 million of options were excluded from the diluted earnings per share/unit calculation as they were not determined to be dilutive. Shares/units that may be issued in the future in accordance with our exchangeable senior notes were excluded from the diluted earnings per share/unit calculation as they were not determined to be dilutive.

11. 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.

12. Comprehensive Income (Loss)

Medical Properties Trust, Inc.

The following table provides a summary of comprehensive income (loss) for the applicable periods (in thousands):

	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010
Net income	$ 468	$ 8,964
Other comprehensive income (loss):		
Unrealized loss on interest rate swap	(5,272)	(3,845)
Total comprehensive income (loss)	(4,804)	5,119
Comprehensive income attributable to non-controlling interests	(43)	(45)
Comprehensive income (loss) attributable to MPT common stockholders	$ (4,847)	$ 5,074

	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Net income	$ 13,975	$ 12,383
Other comprehensive income (loss):		
Unrealized loss on interest rate swap	(8,341)	(7,005)
Total comprehensive income (loss)	5,634	5,378
Comprehensive income attributable to non-controlling interests	(131)	(63)
Comprehensive income (loss) attributable to MPT common stockholders	$ 5,503	$ 5,315

MPT Operating Partnership, L.P.

The following table provides a summary of comprehensive income (loss) for the applicable periods (in thousands):

	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010
Net income	$ 486	$ 8,955
Other comprehensive income (loss):		
Unrealized loss on interest rate swap	(5,272)	(3,845)
Total comprehensive income (loss)	(4,786)	5,110
Comprehensive income attributable to non-controlling interests	(43)	(45)
Comprehensive income (loss) attributable to MPT Operating Partnership partners	$ (4,829)	$ 5,065

	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Net income	$ 14,037	$ 12,457
Other comprehensive income (loss):		
Unrealized loss on interest rate swap	(8,341)	(7,005)
Total comprehensive income (loss)	5,696	5,452
Comprehensive income attributable to non-controlling interests	(131)	(63)
Comprehensive income (loss) attributable to MPT Operating Partnership partners	$ 5,565	$ 5,389

13. Subsequent Events

In October 2011, we entered into agreements with Emerus Holdings to acquire, provide development funding for, and lease three acute care hospitals near San Antonio, Texas. We expect our investment in these three facilities, once built, will approximate $30 million. These three facilities will be leased under a master lease with an initial term of 15 years and three five-year extension options.

On November 4, 2011, we acquired Hoboken University Medical Center in Hoboken, New Jersey, a 350-bed acute care facility. The total investment for this transaction is $75.0 million, which includes 100% ownership of the real estate, a secured working capital loan of up to $20 million, and a $5 million convertible note. The lease with the tenant has an initial term of 15 years with six five-year extension options.

14. Income Taxes

With the early prepayment of working capital loans by Prime and the impairment of the Monroe loan in 2010 as more fully described in Note 3, we did not believe that one of our taxable REIT subsidiaries would generate enough taxable income to use the federal and state net operating losses within the carry-forward period specified by law. Therefore, in the 2010 second quarter, we fully reserved for the $1.5 million deferred tax asset, of which $1.2 million relates to discontinued operations. We continue to monitor this valuation allowance and if circumstances change (such as new loans or other transactions), we will adjust this valuation allowance accordingly.

15. Executive Severance

On June 11, 2010, we announced the resignation of our general counsel effective June 15, 2010. Pursuant to the terms of his separation agreement, we accelerated the vesting of certain previously awarded shares of restricted stock resulting in additional stock compensation expense of $0.9 million. In addition, we agreed to pay him a one time cash payment of $1.9 million on December 16, 2010. This total severance of $2.8 million is included in general and administrative expense for the nine month period ended September 30, 2010.

16. 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 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 unsecured senior 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 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 senior unsecured notes; or (6) the release or discharge of the Subsidiary Guarantor from its guarantee obligations under our revolving credit facility.

Condensed Consolidated Balance Sheet
September 30, 2011
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Assets						
Real estate assets						
Land, buildings and improvements and intangible lease assets	$ —	$ 86	$1,087,256	$ 170,946	$ —	$1,258,288
Mortgage loans	—	—	165,000	—	—	165,000
Gross investment in real estate assets	—	86	1,252,256	170,946	—	1,423,288
Accumulated depreciation and amortization	—	—	(87,681)	(13,091)	—	(100,772)
Net investment in real estate assets		86	1,164,575	157,855	—	1,322,516
Cash & cash equivalents	—	113,132	—	1,236	—	114,368
Interest and rent receivable	—	505	22,184	6,133	—	28,822
Straight-line rent receivable	—	—	25,158	9,445	—	34,603
Other loans	—	177	230	55,724	—	56,131
Net intercompany receivable (payable)	21,923	869,106	(856,530)	(34,499)	—	—
Investment in subsidiaries	838,099	462,310	43,020	—	(1,343,429)	—
Other assets	—	21,794	1,199	16,256	—	39,249
Total Assets	$860,022	$1,467,110	$ 399,836	$ 212,150	$(1,343,429)	$1,595,689
Liabilities and Equity						
Liabilities						
Debt, net	$ —	$ 594,927	$ —	$ 54,086	$ —	$ 649,013
Accounts payable and accrued expenses	22,358	33,481	1,416	411	—	57,666
Deferred revenue	—	603	18,277	4,696	—	23,576
Lease deposits and other obligations to tenants	—	—	26,641	1,129	—	27,770
Total liabilities	22,358	629,011	46,334	60,322	—	758,025
Total Medical Properties Trust Inc. stockholder's equity	837,564	837,999	353,502	151,828	(1,343,329)	837,564
Non-controlling interests	100	100	—	—	(100)	100
Total equity	837,664	838,099	353,502	151,828	(1,343,429)	837,664
Total Liabilities and Equity	$860,022	$1,467,110	$ 399,836	$ 212,150	$(1,343,429)	$1,595,689

Condensed Consolidated Statements of Income
For the Three Months Ended September 30, 2011
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues						
Rent billed	$ —	$ —	$ 26,608	$ 4,461	$ (331)	$ 30,738
Straight-line rent	—	—	1,255	547	—	1,802
Interest and fee income	—	1,351	4,000	1,088	(1,188)	5,251
Total revenues	—	1,351	31,863	6,096	(1,519)	37,791
Expenses						
Real estate depreciation and amortization	—	—	7,455	975	—	8,430
Impairment charge	—	—	—	—	—	—
Property-related	—	87	211	345	(331)	312
General and administrative	18	6,348	—	(630)	—	5,736
Acquisition expenses	—	513	17	—	—	530
Total operating expenses	18	6,948	7,683	690	(331)	15,008
Operating income (expense)	(18)	(5,597)	24,180	5,406	(1,188)	22,783
Other income (expense)						
Interest income and other	—	44	84	(77)	—	51
Debt refinancing costs	—	(10,425)	—	—	—	(10,425)
Interest expense	—	(11,735)	230	(1,618)	1,188	(11,935)
Net other income (expense)	—	(22,116)	314	(1,695)	1,188	(22,309)
Income (loss) from continuing operations	(18)	(27,713)	24,494	3,711	—	474
Income (loss) from discontinued operations	—	—	—	(6)	—	(6)
Equity in earnings of consolidated subsidiaries net of income taxes	486	28,199	1,112	—	(29,797)	—
Net income (loss)	468	486	25,606	3,705	(29,797)	468
Net income (loss) attributable to non-controlling interests	(43)	(43)	—	—	43	(43)
Net income (loss) attributable to MPT common stockholders	$ 425	$ 443	$ 25,606	$ 3,705	$ (29,754)	$ 425

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Condensed Consolidated Statements of Income
For the Nine Months Ended September 30, 2011
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues						
Rent billed	$ —	$ —	$ 76,907	$ 12,606	$ (994)	$ 88,519
Straight-line rent	—	—	3,891	1,715	—	5,606
Interest and fee income	—	4,118	12,677	3,105	(4,088)	15,812
Total revenues	—	4,118	93,475	17,426	(5,082)	109,937
Expenses						
Real estate depreciation and amortization	—	—	21,914	2,764	—	24,678
Impairment charge	—	—	564	—	—	564
Property-related	—	87	513	1,023	(994)	629
General and administrative	62	18,356	—	2,010	—	20,428
Acquisition expenses	—	2,717	469	—	—	3,186
Total operating expenses	62	21,160	23,460	5,797	(994)	49,485
Operating income (expense)	(62)	(17,042)	70,015	11,629	(4,088)	60,452
Other income (expense)						
Interest income and other	—	42	84	(68)	—	58
Debt refinancing costs	—	(14,109)	—	(105)	—	(14,214)
Interest expense	—	(31,750)	488	(5,288)	4,088	(32,462)
Net other income (expense)	—	(45,817)	572	(5,461)	4,088	(46,618)
Income (loss) from continuing operations	(62)	(62,859)	70,587	6,168	—	13,834
Income (loss) from discontinued operations	—	—	98	43	—	141
Equity in earnings of consolidated subsidiaries net of income taxes	14,037	76,896	3,457	—	(94,390)	—
Net income (loss)	13,975	14,037	74,142	6,211	(94,390)	13,975
Net income (loss) attributable to non-controlling interests	(131)	(131)	—	—	131	(131)
Net income (loss) attributable to MPT common stockholders	$13,844	$ 13,906	$ 74,142	$ 6,211	$ (94,259)	$ 13,844

Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2011
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Operating Activities						
Net cash provided by (used in) operating activities	$ (124)	$ (26,727)	$ 86,972	$ 7,007	$ —	$ 67,128
Investing Activities						
Real estate acquired	—	—	(168,600)	(27,911)	—	(196,511)
Principal received on loans receivable	—	—	—	2,898	—	2,898
Proceeds from sales of real estate	—	—	—	—	—	—
Investments in and advances to subsidiaries	67,126	(89,763)	89,135	504	(67,002)	—
Investments in loans receivable and other investments	—	(205)	(3,314)	(13,281)	—	(16,800)
Construction in progress and other	—	—	(12,297)	—	—	(12,297)
Net cash provided by (used in) investing activities	67,126	(89,968)	(95,076)	(37,790)	(67,002)	(222,710)
Financing Activities						
Revolving credit facilities, net	—	—	—	39,600	—	39,600
Additions to term debt	—	450,000	—	—	—	450,000
Payments of term debt	—	(229,271)	—	(8,539)	—	(237,810)
Distributions paid	(67,002)	(67,194)	—	—	67,002	(67,194)
Sale of common stock, net	—	—	—	—	—	—
Lease deposits and other obligations to tenants	—	—	8,104	(491)	—	7,613

Debt issuance costs paid and other financing activities	—	(20,530)	—	(137)	—	(20,667)
Net cash provided by financing activities	(67,002)	133,005	8,104	30,433	67,002	171,542
Increase (decrease) in cash and cash equivalents for period	—	16,310	—	(350)	—	15,960
Cash and cash equivalents at beginning of period	—	96,822	—	1,586	—	98,408
Cash and cash equivalents at end of period	$ —	$113,132	$ —	$ 1,236	$ —	$114,368

Condensed Consolidated Balance Sheet
December 31, 2010
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Assets						
Real estate assets						
Land, buildings and improvements and intangible lease assets	$ —	$ 297	$ 903,630	$ 128,442	$ —	$1,032,369
Mortgage loans	—	—	165,000	—	—	165,000
Gross investment in real estate assets	—	297	1,068,630	128,442	—	1,197,369
Accumulated depreciation and amortization	—	—	(65,767)	(10,327)	—	(76,094)
Net investment in real estate assets	—	297	1,002,863	118,115	—	1,121,275
Cash & cash equivalents	—	96,822	—	1,586	—	98,408
Interest and rent receivable	—	157	20,727	5,292	—	26,176
Straight-line rent receivable	—	—	21,180	7,732	—	28,912
Other loans	—	178	—	50,807	—	50,985
Net intercompany receivable (payable)	21,944	774,771	(767,395)	(29,320)	—	—
Investment in subsidiaries	899,949	390,232	42,970	—	(1,333,151)	—
Other assets	—	10,289	1,215	11,554	—	23,058
Total Assets	$921,893	$1,272,746	$ 321,560	$ 165,766	$(1,333,151)	$1,348,814
Liabilities and Equity						
Liabilities						
Debt, net	$ —	$ 361,537	$ —	$ 8,433	$ —	$ 369,970
Accounts payable and accrued expenses	22,317	10,824	2,430	403	—	35,974
Deferred revenue	—	436	17,826	4,875	—	23,137
Lease deposits and other obligations to tenants	—	—	18,539	1,618	—	20,157
Total liabilities	22,317	372,797	38,795	15,329	—	449,238
Total Medical Properties Trust Inc. stockholder’s equity	899,462	899,835	282,765	150,437	(1,333,037)	899,462
Non-controlling interests	114	114	—	—	(114)	114
Total equity	899,576	899,949	282,765	150,437	(1,333,151)	899,576
Total Liabilities and Equity	$921,893	$1,272,746	$ 321,560	$ 165,766	$(1,333,151)	$1,348,814

Condensed Consolidated Statements of Income
For the Three Months Ended September 30, 2010
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues						
Rent billed	$—	$ —	$ 20,116	$ 3,682	$ (326)	$ 23,472
Straight-line rent	—	—	(1,612)	488	—	(1,124)
Interest and fee income	—	1,420	4,216	2,192	(1,532)	6,296
Total revenues	—	1,420	22,720	6,362	(1,858)	28,644
Expenses						
Real estate depreciation and amortization	—	—	5,421	788	—	6,209
Impairment charge	—	—	—	—	—	—
Property-related	—	(43)	640	329	(326)	600
General and administrative	(9)	5,781	—	77	—	5,849
Acquisition expenses	—	364	—	—	—	364
Total operating expenses	(9)	6,102	6,061	1,194	(326)	13,022
Operating income (loss)	9	(4,682)	16,659	5,168	(1,532)	15,622
Other income (expense)						
Interest income and other	—	(17)	1,494	(2)	—	1,475
Debt refinancing costs	—	(342)	—	—	—	(342)
Interest expense	—	(8,058)	(5)	(1,561)	1,532	(8,092)
Net other income (expense)	—	(8,417)	1,489	(1,563)	1,532	(6,959)

Income (loss) from continuing operations	9	(13,099)	18,148	3,605	—	8,663
Income (loss) from discontinued operations	—	—	(154)	455	—	301
Equity in earnings of consolidated subsidiaries net of income taxes	8,955	22,054	1,073	—	(32,082)	—
Net income (loss)	8,964	8,955	19,067	4,060	(32,082)	8,964
Net income (loss) attributable to non-controlling interests	(45)	(45)	—	—	45	(45)
Net income attributable to MPT common stockholders	$8,919	$ 8,910	$19,067	$4,060	$(32,037)	$8,919

Condensed Consolidated Statements of Income
For the Nine Months Ended September 30, 2010
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues						
Rent billed	$ —	$ —	$ 59,011	$ 10,726	$ (705)	$ 69,032
Straight-line rent	—	—	(951)	1,420	—	469
Interest and fee income	—	5,561	12,621	8,411	(5,999)	20,594
Total revenues	—	5,561	70,681	20,557	(6,704)	90,095
Expenses						
Real estate depreciation and amortization	—	—	15,740	2,360	—	18,100
Impairment charge	—	—	—	12,000	—	12,000
Property-related	—	5	2,020	735	(705)	2,055
General and administrative	74	20,216	—	242	—	20,532
Acquisition expenses	—	1,314	—	—	—	1,314
Total operating expenses	74	21,535	17,760	15,337	(705)	54,001
Operating income (loss)	(74)	(15,974)	52,921	5,220	(5,999)	36,094
Other income (expense)						
Interest income and other	—	—	1,494	(6)	—	1,488
Debt refinancing costs	—	(6,556)	—	—	—	(6,556)
Interest expense	—	(25,706)	(33)	(6,366)	5,999	(26,106)
Net other income (expense)	—	(32,262)	1,461	(6,372)	5,999	(31,174)
Income (loss) from continuing operations	(74)	(48,236)	54,382	(1,152)	—	4,920
Income (loss) from discontinued operations	—	—	(561)	8,024	—	7,463
Equity in earnings of consolidated subsidiaries net of income taxes	**12,457**	**60,693**	**3,201**	—	**(76,351)**	—
Net income (loss)	12,383	12,457	57,022	6,872	(76,351)	12,383
Net income (loss) attributable to non-controlling interests	(63)	(63)	—	—	63	(63)
Net income attributable to MPT common stockholders	**$12,320**	**$ 12,394**	**$ 57,022**	**$ 6,872**	**$ (76,288)**	**$ 12,320**

Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2010
(in thousands)

	Parent	Subsidiary Issuers	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Operating Activities						
Net cash provided by (used in) operating activities	$ (1,885)	$ (19,512)	$ 68,429	$ 461	$ —	$ 47,493
Investing Activities						
Real estate acquired	—	—	(73,851)	—	—	(73,851)
Principal received on loans receivable	—	—	—	46,532	—	46,532
Proceeds from sales of real estate	—	—	—	75,000	—	75,000
Investments in and advances to subsidiaries	(231,996)	49,874	8,711	(60,470)	233,881	—
Investments in loans receivable and other investments	—	—	(5,000)	(4,626)	—	(9,626)
Construction in progress and other	—	(13)	(1,607)	(13,958)	—	(15,578)
Net cash provided by (used in) investing activities	(231,996)	49,861	(71,747)	42,478	233,881	22,477
Financing Activities						
Revolving credit facilities, net	—	(96,000)	—	(41,200)	—	(137,200)
Additions to term debt	—	148,500	—	—	—	148,500
Payments of term debt	—	(216,145)	—	(180)	—	(216,325)
Distributions paid	(54,589)	(54,761)	—	—	54,589	(54,761)
Sale of common stock, net	288,470	288,470	—	—	(288,470)	288,470
Lease deposits and other obligations to tenants	—	—	3,318	(1,085)	—	2,233
Debt issuance costs paid and other financing activities	—	(9,713)	—	—	—	(9,713)
Net cash provided by financing activities	233,881	60,351	3,318	(42,465)	(233,881)	21,204
Increase in cash and cash equivalents for period	—	90,700	—	474	—	91,174
Cash and cash equivalents at beginning of period	—	14,814	—	493	—	15,307
Cash and cash equivalents at end of period	$ —	$ 105,514	$ —	$ 967	$ —	$ 106,481

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, Inc. and MPT Operating Partnership, L.P. as there are no material differences between these two entities.

The 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 financial statements and notes thereto contained in our Annual Report on Form 10-K (as amended) for the year ended December 31, 2010.

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 Annual Report on Form 10-K for the year ended December 31, 2010, as amended, filed with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934. Such factors include, among others, the following:

- national and local economic, 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 federal and state income tax purposes;
- our ability to attract and retain qualified personnel;
- federal and state healthcare regulatory requirements; and
- the continuing impact of the recent economic recession, which may have a negative effect on the following, among other things:
  - the financial condition of our tenants, our lenders, counterparties to our capped call transactions and institutions that hold our cash balances, which may expose us to increased risks of default by these parties;
  - our ability to obtain 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;
- 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.

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 2010 Annual Report on Form 10-K, as amended, along with our subsequently filed Form 10-Qs in 2011, 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, exchangeable senior notes, and our accounting policy on consolidation. During the three months ended September 30, 2011, there were no material changes to these policies.

Overview

We were incorporated under Maryland law on August 27, 2003 primarily for the purpose of investing in and owning net-leased healthcare facilities across the United States. 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 our calendar year 2004 federal income tax return. We acquire and develop healthcare facilities and lease the facilities to healthcare operating companies under long-term net leases. 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 used for acquisitions and working capital. Finally, from time to time, we acquire profits or equity interests in our tenants that gives us a limited right to share in the tenant's positive cash flow or earnings.

At September 30, 2011, our portfolio consisted of 60 properties: 56 facilities (of the 58 facilities that we own, of which two are subject to long-term ground leases) are leased to 19 tenants, one is presently not under lease as it is under re-development, one is under development, and the remaining assets are in the form of first mortgage loans to a single operator. Our owned and ground leased facilities consisted of 22 general acute care hospitals, 19 long-term acute care hospitals, nine inpatient rehabilitation hospitals, two medical office buildings, and six wellness centers. The non-owned facilities on which we have made mortgage loans consisted of general acute care facilities.

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, 2011	% of Total	For the Three Months Ended September 30, 2010	% of Total
General Acute Care Hospitals	$ 22,585	59.8%	$ 16,829	58.8%
Long-term Acute Care Hospitals	9,726	25.7%	6,649	23.2%
Rehabilitation Hospitals	4,631	12.3%	4,402	15.4%
Medical Office Buildings	433	1.1%	426	1.5%
Wellness Centers	416	1.1%	338	1.1%
Total revenue	$ 37,791	100.0%	$ 28,644	100.0%

	For the Nine Months Ended September 30, 2011	% of Total	For the Nine Months Ended September 30, 2010	% of Total
General Acute Care Hospitals	$ 66,822	60.8%	$ 58,042	64.4%
Long-term Acute Care Hospitals	26,783	24.4%	19,777	22.0%
Rehabilitation Hospitals	13,788	12.5%	9,984	11.1%
Medical Office Buildings	1,298	1.2%	1,279	1.4%
Wellness Centers	1,246	1.1%	1,013	1.1%
Total revenue	$ 109,937	100.0%	$ 90,095	100.0%

We have 28 employees as of November 4, 2011. We believe that any 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 union.

Results of Operations

Three months Ended September 30, 2011 Compared to September 30, 2010

Net income for the three months ended September 30, 2011 was $0.4 million, compared to $8.9 million for the three months ended September 30, 2010. As described below, a significant contributor to the difference between 2011 and 2010 net income is the write-off of debt costs and the redemption premium associated with our debt refinancing activities more fully described in Note 4 of Item 1 of this Form 10-Q. Funds from operations ("FFO"), after adjusting for certain items (as more fully described in Reconciliation of Non-GAAP Financial Measures), was $19.5 million, or $0.18 per diluted share for the 2011 third quarter as compared to $16.9 million, or $0.15 per diluted share for the 2010 third quarter.

A comparison of revenues for the three month period ended September 30, 2011 and 2010 is as follows, as adjusted in 2010 for discontinued operations (dollar amounts in thousands):

	2011	% of Total	2010	% of Total	Year over Year Change
Base rents	$30,260	80.1%	$23,044	80.4%	31.3%
Straight-line rents	1,802	4.8%	(1,125)	(3.9)%	260.2%
Percentage rents	478	1.2%	429	1.5%	11.4%
Fee income	22	0.1%	157	0.6%	(86.0)%
Interest from loans	5,229	13.8%	6,139	21.4%	(14.8)%
Total revenue	$37,791	100.0%	$28,644	100.0%	31.9%

Base rents for the 2011 third quarter increased 31.3% versus the prior year as a result of the additional rent generated from annual escalation provisions in our leases and incremental revenue from the properties acquired in late 2010 and 2011. Straight-line rent is higher than the prior year primarily due to the $2.5 million and $0.2 million write-off/reserve of straight-line rent receivables associated with our Monroe and Cleveland facility, respectively, in 2010. Interest from loans is lower than the prior year due to the repayment of the $43 million mortgage loan on the Centinela property in 2010.

Real estate depreciation and amortization during the third quarter of 2011 increased to $8.4 million from $6.2 million in 2010, due to the incremental depreciation from the properties acquired since September 2010.

Property-related expenses in the third quarter of 2011 decreased from $0.6 million in 2010 to $0.3 million in 2011 due to the utility costs, repair and maintenance expense, legal, and property taxes associated with vacant facilities in 2010. No similar costs were incurred in 2011 as all of our facilities are currently fully operating with the exception of two facilities that are under development.

Acquisition expenses increased slightly from $0.4 million in the third quarter of 2010 to $0.5 million in 2011.

General and administrative expenses totaled $5.7 million for the 2011 third quarter, which was flat with the prior year of $5.8 million.

Interest income and other is lower than the 2010 third quarter due to the $1.5 million gain on the property exchange more fully described in Note 3 to our condensed consolidated financial statements in Item 1 of this Form 10-Q.

Interest expense (including debt refinancing costs) for the quarters ended September 30, 2011 and 2010 totaled $22.4 million and $8.4 million, respectively. This increase is primarily related to higher debt balances associated with our new senior unsecured notes, partially offset by higher debt refinancing costs in 2011 of $10.4 million versus $0.3 million in 2010. See Note 4 to our Condensed Consolidated Financial Statements in Item 1 to this Form 10-Q for further information on our debt refinancing activities.

In addition to the items noted above, net income (loss) for the third quarter in both years was impacted by discontinued operations. See Note 9 to our Condensed Consolidated Financial Statements - in Item 1 to this Form 10-Q for further information.

Nine Months Ended September 30, 2011 Compared to September 30, 2010

Net income for the nine months ended September 30, 2011, was $13.8 million compared to net income of $12.3 million for the nine months ended September 30, 2010. As described below, the significant contributors to the difference between 2011 and 2010 net income is the incremental rent from acquired properties and higher impairment charges in 2010 related to our Monroe loan, partially offset by higher debt refinancing costs as more fully described in Note 4 of Item 1 of this Form 10-Q. FFO, after adjusting for certain items (as more fully described in Reconciliation of Non-GAAP Financial Measures), was $57.5 million, or $0.52 per diluted share for the first nine months in 2011 as compared to $48.4 million, or $0.50 per diluted share for 2010.

A comparison of revenues for the nine month periods ended September 30, 2011 and 2010 is as follows (dollar amounts in thousands):

	2011	% of Total	2010	% of Total	Year over Year Change
Base rents	$ 86,373	78.5%	$66,989	74.4%	28.9%
Straight-line rents	5,606	5.1%	469	0.5%	1,095.3%
Percentage rents	2,146	2.0%	2,042	2.3%	5.1%
Fee income	134	0.1%	395	0.4%	(66.1)%
Interest from loans	15,678	14.3%	20,200	22.4%	(22.4)%
Total revenue	$109,937	100.0%	$90,095	100.0%	22.0%

Base rents for the 2011 first three quarters increased 28.9% versus the prior year as a result of the additional rent generated from annual escalation provisions in our leases, and incremental revenue from the properties acquired in 2010 and 2011. This more than offset the $1.5 million adjustment to reserve for outstanding receivables on our Denham Springs facility in the 2011 second quarter. Interest from loans is lower than the prior year due to the repayment of approximately $40 million in loans by Prime and the $43 million mortgage loan on the Centinela property in 2010.

Straight line rent for the first nine months in 2011 increased $5.1 million from the prior year primarily due to approximately $1.7 million of unbilled rent that was reclassed to billed rent in the second quarter of 2010 with the additional rent payment received on our Shasta property and the write-off/reserve of $2.5 million and $0.2 million in straight-line rent receivables associated with our Monroe and Cleveland facilities, respectively.

Real estate depreciation and amortization during the first nine months of 2011 was $24.7 million, compared to $18.1 million during the same period of 2010, a 36.5% increase, due to the incremental depreciation from the properties acquired since September 2010.

Property-related expenses during the first nine months decreased from $2.1 million in 2010 to $0.6 million in 2011 due to the utility costs, repair and maintenance expense, legal, and property taxes associated with vacant facilities in 2010. No similar costs were incurred in 2011 as all of our facilities are currently fully operating with the exception of two facilities that are under development.

In the 2011 second quarter, we recognized a $0.6 million real estate impairment charge related to our Denham Springs facility, while, in the 2010 first quarter, we recognized a $12 million loan impairment charge related to our Monroe facility.

General and administrative expenses in the first three quarters of 2011 and 2010 totaled $20.4 million and $20.5 million, respectively. We incurred higher travel costs and office expenses in 2011, which was offset by a $2.8 million charge recognized during the second quarter of 2010 as a result of the resignation of an executive officer.

Acquisition expenses increased from $1.3 million in the first nine months of 2010 to $3.2 million in the same period in 2011 due to increased acquisition activity and consummated deals.

Interest income and other is lower in the first nine months of 2011 than in 2010 due to the $1.5 million gain on the property exchange more fully described in Note 3 to our condensed consolidated financial statements in Item 1 of this Form 10-Q.

Interest expense (including debt refinancing costs) for the first nine months of 2011 and 2010 totaled $46.7 million and $32.7 million, respectively. In 2011, we recorded a charge of $14.2 million related to our debt refinancing activities, while in 2010, we recorded a charge of $6.6 million for other refinancing activities. See Note 4 to our Condensed Consolidated Financial Statements in Item 1 to this Form 10-Q for further information on our debt refinancing activities. Excluding the debt refinancing charges, interest increased 24.3% for the first nine months of 2011 due to an increase in debt from the $450 million senior unsecured notes that we entered into in April 2011.

In addition to the items noted above, net income for the nine month periods was impacted by discontinued operations. See Note 9 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. While we believe net income available to common stockholders, as defined by generally accepted accounting principles (GAAP), is the most appropriate measure, our management considers FFO an appropriate supplemental measure given its wide use by and relevance to investors and analysts. 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.

As defined by the National Association of Real Estate Investment Trusts, or NAREIT, FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (losses) on sales of real estate, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We compute FFO in accordance with the NAREIT definition. FFO should not be viewed as a substitute measure of our operating performance since it does 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 are significant economic costs that could materially impact our results of operations.

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, 2011 and 2010 ($ amounts in thousands except per share data):

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
FFO information:				
Net income attributable to MPT common stockholders	$ 425	$ 8,919	$ 13,844	$ 12,320
Participating securities’ share in earnings	(264)	(316)	(860)	(994)
Net income, less participating securities’ share in earnings	$ 161	$ 8,603	$ 12,984	$ 11,326
Depreciation and amortization				
Continuing operations	8,430	6,209	24,678	18,100
Discontinued operations	—	139	—	1,225
Loss (gain) on sale of real estate	—	(1,494)	(5)	(7,672)
Real estate impairment charge	—	—	564	—
Funds from operations	$ 8,591	$ 13,457	$ 38,221	$ 22,979
Acquisition costs	530	364	3,186	1,314
Debt refinancing costs	10,425	342	14,214	6,556
Executive severance	—	—	—	2,830
Loan impairment charge	—	—	—	12,000
Write-off of other receivables	—	2,695	1,846	2,695
Normalized funds from operations	$ 19,546	$ 16,858	$ 57,467	$ 48,374
Per diluted share data:				
Net income, less participating securities’ share in earnings	$ —	$ 0.08	$ 0.12	$ 0.12
Depreciation and amortization				
Continuing operations	0.08	0.06	0.22	0.19
Discontinued operations	—	—	—	0.01
Real estate impairment charge	—	—	0.01	—
Loss (gain) on sale of real estate	—	(0.02)	—	(0.08)
Funds from operations	$ 0.08	$ 0.12	$ 0.35	$ 0.24
Acquisition costs	0.01	—	0.03	0.01
Debt refinancing costs	0.09	—	0.13	0.07

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Executive severance	—	—	—	0.03
Loan impairment charge	—	—	—	0.12
Write-off of other receivables	—	0.03	0.01	0.03
Normalized funds from operations	**$ 0.18**	**$ 0.15**	**$ 0.52**	**$ 0.50**

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Disclosure of Contractual Obligations

The following table summarizes known material contractual obligations as of September 30, 2011 (amounts in thousands):

Contractual Obligations	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years	Total
2006 senior unsecured notes (1)	$ 2,024	$ 13,969	$13,969	$131,063	$ 161,025
Exchangeable senior notes	9,965	12,526	—	—	22,491
2011 senior unsecured notes	15,813	61,875	61,875	620,156	759,719
Revolving credit facilities (2)	589	43,241	3,025	—	46,855
Term loans	284	2,269	2,269	15,119	19,941
Operating lease commitments (3)	783	4,505	3,665	44,516	53,469
Purchase Agreements (4)	19,483	10,980	—	—	30,463
Totals	$ 48,941	$149,365	$84,803	$810,854	$1,093,963

(1) We entered into interest rate swaps to fix $65 million of our $125 million senior notes, which started on July 31, 2011 and runs 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 senior notes starting October 31, 2011 through the maturity date (or October 2016) at a rate of 5.675%. See “Description of Other Material Indebtedness” for more information.

(2) Refers to our revolving credit facility and MPT of North Cypress, L.P. revolving credit facility. Amount reflects outstanding amounts on our revolving credit facilities and unused credit facility fees on our $330 million revolving credit facility as this assumes balance in effect at September 30, 2011($39.6 million as of September 30, 2011) remains in effect through maturity.

(3) Most of our contractual obligations to make operating lease payments are related to ground leases for which we are reimbursed by our tenants along with corporate office and equipment leases.

(4) Includes $6.2 million that we currently expect to provide to the lessee of one of our California facilities to renovate and upgrade the facility as necessary to comply with the applicable seismic laws — see our 2010 Form 10-K, as amended, for more information on current seismic laws. This additional investment would increase our lease base, and accordingly, the lessee would subsequently pay higher rent for the facility. In addition, this includes approximately $24 million of future development expenditures related to Florence, River Oaks and other expenditures.

LIQUIDITY AND CAPITAL RESOURCES

During the first nine months of 2011, operating cash flows, which primarily consisted of rent and interest from mortgage and working capital loans, approximated $67.1 million, which, along with cash on-hand, draws on our revolvers and proceeds from term debt, were principally used to fund our dividends of $67.2 million and investing activities of $222.7 million.

In April 2011, our Operating Partnership and a wholly owned subsidiary of our Operating Partnership closed on a private offering of $450 million unsecured senior notes. These notes mature in 2021 and the interest rate is fixed at 6.875% per year. Contemporaneously with the closing of the notes, we repaid and terminated our $150 million term loan facility and our $9 million collateralized term loan facility. In connection with the notes offering, we amended our existing credit agreement, which now provides for a $330 million unsecured revolving credit facility that matures in October 2015. We paid down in full this revolving credit facility’s outstanding balance with the proceeds from the notes offering. In the 2011 third quarter, we used proceeds from our 2011 senior unsecured notes offering to repurchase 86.6% of the outstanding 9.25% exchangeable senior notes due 2013 at a weighted average price of 118.4% of the principal amount (or $84.1 million) plus accrued and unpaid interest pursuant to a cash tender offer. We have and will use the remaining proceeds from the offering for general business purposes, including investment opportunities.

During the nine months ended September 30, 2010, operating cash flows, which primarily consisted of rent and interest from mortgage and working capital loans, were $47.5 million, which, along with cash on-hand, proceeds from the sale of stock and our Centinela property and the early loan prepayments by Prime, were principally used to fund our dividends of $54.8 million, real estate acquisitions of $74 million and our debt refinancing activities. In April 2010, we completed a public offering (the “Offering”) of 26 million shares of common stock at $9.75 per share. Including the underwriters’ purchase of 3.9 million additional shares to cover over-allotments, net proceeds from this offering, after underwriters’ discounts and commissions, approximated $279 million. We used the net proceeds from the Offering to pay off our $30 million term loan that was due in 2010 and repurchase 84% of the outstanding 6.125% exchangeable senior notes due 2011 at a price of 103% of the principal amount plus accrued and unpaid interest (or $123.2 million) pursuant to cash tender offer. In May 2010, we entered into a new $450 million secured credit facility with a syndicate of banks, and the proceeds of which along with the Offering proceeds were used to repay in full all outstanding obligations under the old $220 million credit facility.

Short-term Liquidity Requirements: At November 4, 2011, our availability under our amended revolving credit facility plus cash on-hand approximated $330 million. We have only nominal principal payments due and no significant maturities in 2011– see five-year debt maturity schedule below. 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 (including the repayment of our $39.6 million revolver coming due in June 2012), our firm commitments (including capital expenditures, if any), dividends in order to comply with REIT requirements and to fund our current investment strategies for the next twelve months. In addition, we have an at-the-market offering in place under which we may sell up to $50 million in shares (of which $10 million has been sold to-date) which may be used for general corporate purposes as needed.

Long-term Liquidity Requirements: With the proceeds from the April 2011 offering of senior unsecured notes and the availability from our amended credit facility discussed above along with our current monthly cash receipts from rent and loan interest and availability under our at-the-market offering, 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, firm commitments (including capital expenditures, if any) and investment strategies for the foreseeable future. As of September 30, 2011, principal payments due for our debt (which exclude the effects of any discounts recorded) are as follows (in thousands):

2011	$ 9,232
2012	39,832
2013	11,249
2014	265
2015	283
Thereafter	588,400
Total	$649,261

Distribution Policy

The table below is a summary of our distributions declared during the two year period ended September 30, 2011:

Declaration Date	Record Date	Date of Distribution	Distribution per Share
August 18, 2011	September 15, 2011	October 13, 2011	$ 0.20
May 19, 2011	June 16, 2011	July 14, 2011	$ 0.20
February 17, 2011	March 17, 2011	April 14, 2011	$ 0.20
November 11, 2010	December 9, 2010	January 6, 2011	$ 0.20
August 19, 2010	September 14, 2010	October 14, 2010	$ 0.20
May 20, 2010	June 17, 2010	July 15, 2010	$ 0.20
February 18, 2010	March 18, 2010	April 14, 2010	$ 0.20
November 19, 2009	December 17, 2009	January 14, 2010	$ 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 and equity prices. In addition, the value of our facilities will be subject to fluctuations based on changes in local and regional economic conditions and changes in the ability of our tenants to generate profits, all of which may affect our ability to refinance our debt if necessary. The changes in the value of our facilities would be 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.

Our primary exposure to market risks relates to fluctuations in interest rates and equity prices. The following analyses present the sensitivity of the market value, earnings and cash flows of our significant financial instruments to hypothetical changes in interest rates and equity prices 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, 2011, our outstanding debt totaled $649.0 million, which consisted of fixed-rate debt of $609.4 million (including $125.0 million of floating debt swapped to fixed) and variable rate debt of $39.6 million. If market interest rates increase by one-percentage point, the fair value of our fixed rate debt at September 30, 2011, after considering the effects of the interest rate swaps entered into in 2010, would decrease by $34.3 million. Changes in the fair value of our fixed rate debt will not have any impact on us unless we decided to repurchase the debt in the open markets.

If market rates of interest on our variable rate debt increase by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by $0.4 million per year. If market rates of interest on our variable rate debt decrease by 1%, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by $0.4 million per year. This assumes that the average amount outstanding under our variable rate debt for a year is $39.6 million, the balance of our revolver at September 30, 2011.

Share Price Sensitivity

During 2010, we funded a cash tender offer for 93% of the outstanding 6.125% exchangeable senior notes due 2011 (“2006 exchangeable notes”) at a price of 103% of the principal amount plus accrued and unpaid interest (or approximately $136.3 million). At September 30, 2011, only $9.2 million of these notes remain outstanding. Our 2006 exchangeable notes were initially exchangeable into 60.3346 shares of our stock for each $1,000 note. This equates to a conversion price of $16.57 per share. This conversion price adjusts based on a formula which considers increases to our dividend subsequent to the issuance of the notes in November 2006. Our dividends declared since we sold the 2006 exchangeable notes have adjusted our conversion price to $16.47 per share which equates to 60.7095 shares per $1,000 note. Future changes to the conversion price will depend on our level of dividends which cannot be predicted at this time. Any adjustments for dividend increases until the notes are settled in 2011 will affect the price of the notes and the number of shares for which they will eventually be settled.

At the time we issued the 2006 exchangeable notes, we also entered into a capped call, or call spread, transaction. The effect of this transaction was to increase the conversion price from $16.57 to $18.94. As a result, our shareholders will not experience any dilution until our share price exceeds $18.94. Based on the remainder of the notes still outstanding at September 30, 2011 and if our share price exceeds that price, the result would be that we would issue additional shares of common stock. Assuming a price of $20 per share, we would be required to issue an additional 0.1 million shares. At $25 per share, we would be required to issue an additional 0.2 million shares.

In the 2011 third quarter, we funded a cash tender offer for 86.6% of the outstanding 9.25% exchangeable senior notes due 2013 (“2008 exchangeable notes”) at a weighted average price of 118.4% of the principal amount (or $84.1 million) plus accrued and unpaid interest leaving only $11.0 million of these notes outstanding. Our 2008 exchangeable notes have a conversion adjustment feature similar to that for our 2006 exchangeable notes, which could affect their stated exchange ratio of 80.8898 common shares per $1,000 principal amount of notes, equating to an exchange price of $12.36 per common share. Our dividends declared since we sold the 2008 exchangeable notes have not adjusted our conversion price as of September 30, 2011. Future changes to the conversion price will depend on our level of dividends which cannot be predicted at this time. Any adjustments for dividend increases until the 2008 exchangeable notes are settled in 2013 will affect the price of the notes and the number of shares for which they may eventually be settled. Using the outstanding notes and, assuming a price of $20 per share, we would be required to issue an additional 0.4 million shares. At $25 per share, we would be required to issue an additional 0.5 million shares.

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.

There have been no material changes to the Legal Proceedings as presented in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2010.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors as presented in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2010.

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. (Removed and Reserved).

Item 5. Other Information.

(a) None.

(b) None.

Item 6. Exhibits.

The following exhibits are filed as a part of this report:

Exhibit Number	Description
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.)
99.1	Consolidated Financial Statements of Prime Healthcare Services, Inc. as of June 30, 2011. Since affiliates of Prime Healthcare Services, Inc. lease more than 20% of our total assets under triple net leases, the financial status of Prime may be considered relevant to investors. Prime’s most recently available financial statements (unaudited, as of and for the period ended June 30, 2011) are attached as exhibit 99.1 to this Quarterly Report on Form 10-Q. We have not participated in the preparation of Prime’s financial statements nor do we have the right to dictate the form of any financial statements provided to us by Prime.
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 (On behalf of the Registrant and as the Registrant's Principal Financial and Accounting Officer)

Date: November 9, 2011

INDEX TO EXHIBITS

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**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 9, 2011

/s/ Edward K. Aldag, Jr.
Edward K. Aldag, Jr.
Chairman, President and Chief Executive Officer

Exhibit 31.2

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 9, 2011

/s/ R. Steven Hamner
R. Steven Hamner
Executive Vice President and Chief Financial Officer

Exhibit 31.3

**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 9, 2011

/s/ Edward K. Aldag, Jr.
Edward K. Aldag, Jr.
Chairman, President and Chief Executive Officer

Exhibit 31.4

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 9, 2011

/s/ R. Steven Hamner

R. Steven Hamner
Executive Vice President and Chief Financial Officer

Exhibit 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

In connection with this quarterly report on Form 10-Q of Medical Properties Trust, Inc. (the "Company") for the quarter ended September 30, 2011 (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 9, 2011

/s/ Edward K. Aldag, Jr.
Edward K. Aldag, Jr.
Chairman, President and Chief Executive Officer

/s/ R. Steven Hamner
R. Steven Hamner
Executive Vice President and Chief Financial Officer

Exhibit 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

In connection with this quarterly report on Form 10-Q of MPT Operating Partnership, L.P. (the "Company") for the quarter ended September 30, 2011 (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 9, 2011

/s/ Edward K. Aldag, Jr.
Edward K. Aldag, Jr.
Chairman, President and Chief Executive Officer

/s/ R. Steven Hamner
R. Steven Hamner
Executive Vice President and Chief Financial Officer

Prime Health Services, Inc.
All Entities
Balance Sheet
As of 06/30/11

	PHSI Total
ASSETS:	
Cash and Equivalents	**$ 150,764,158**
Accounts Receivable	$ 979,960,076
Allowance for Bad Debt	(62,979,902)
Allowance for Contractuals & Oth Adj	(673,384,934)
Patient Accounts Receivable	**$ 243,595,240**
Other Receivables	$ 4,288,910
Inventories	6,052,642
Other Current Assets	2,735,737
Current Portion of Long-Term Notes Receivable	0
Current Portion of Related Party LT Notes Recv	0
Prepaid Insurance	52,134,293
Other Pre-Paid Expenses	4,197,724
Total Current Assets	**$ 463,768,704**
Land and Improvements	$ 42,715,973
Buildings and Improvements	120,417,402
Leaseholds	14,864,182
Equipment	185,418,005
Construction-In-Progress	14,071,716
Property and Equipment	**$ 377,487,276**
Less: Accumulated Depreciation	(111,925,366)
Net Property and Equipment	**$ 265,561,910**
Investments in Property Plant & Equipment	$ 26,820,981
Less: Accumulated Depreciation	0
Investments in Subsidiaries	0
Net Investments	**$ 26,820,981**
Long-Term Notes Receivable	$ 2,250,000
Related Party Long-Term Portion Notes Recv	122,935,798
Net Goodwill	13,707,802
Other Intangible Assets	9,973,032
Total Long-Term Assets	**$ 441,249,523**
TOTAL ASSETS	**$ 905,018,227**
LIABILITIES:	
Accounts Payable	$ 36,030,466
Notes Payable	7,750,024
Capital Leases	4,301,730
Accrued Payroll	27,600,513
Accrued PTO	27,550,568
Accrued Payroll Taxes	6,946,640
IBNR	5,962,000
Other Accrued Expenses	2,014,365
Third-Party Settlements	(32,192,565)
Lines of Credit & Other Short-Term Debt	7,401,918
Current Portion of Long-Term Debt	0
Current Portion of Related Party Notes Payable	1,049,372
Other Liabilities	1,206,322
Total Current Liabilities	**$ 95,621,353**
Mortgages and Long-Term Notes Payable	**$ 167,386,960**
Related Party Notes Payable	**$ 121,886,426**
Total Intercompany/Intracompany	**($ 4,347,281)**
Deferred Credits	$ 8,443,042
Deferred Taxes	0
Other Long-Term Liabilities	225,532,312
Total Long-Term Liabilities	**$ 518,901,458**
TOTAL LIABILITIES	**$ 614,522,811**
EQUITY:	
Common Stock	$ 1,350,000
Additional Paid-in Capital	32,215,389

Other Equity	2,353,946
Retained Earnings PY	255,812,822
Distributions	(115,000,000)
Net Income	59,112,690
Non-controlling Interest	54,650,568
TOTAL EQUITY	**$ 290,495,415**
TOTAL LIABILITIES AND EQUITY	**$ 905,018,227**

PRIME HEALTHCARE SERVICES INC.
CONSOLIDATED INCOME STATEMENT
YTD JUN 30th, 2011

	PHSI - Q2 YTD Jun 2011	PHSI YTD Jun 2011
REVENUE		
NET PATIENT REVENUE	$431,076,658	$812,006,000
CAPITATION REVENUE	5,245,653	10,789,174
OTHER REVENUE	3,724,998	7,826,585
TOTAL OPERATING REVENUE	**440,047,309**	**830,621,759**
OPERATING EXPENSES		
COMPENSATION AND EMPLOYEE BENEFITS	144,557,207	295,306,408
PROVISION FOR DOUBTFUL ACCOUNTS	74,513,191	144,580,914
GENERAL AND ADMINISTRATIVE	72,760,163	106,133,560
SUPPLIES	36,800,799	74,300,895
PROFESSIONAL SERVICES	29,745,936	57,367,123
DEPRECIATION / AMORTIZATION	8,475,860	16,805,300
MEDICAL CLAIMS	1,008,001	2,122,638
TOTAL OPERATING EXPENSES	**367,861,157**	**696,616,838**
NET OPERATING INCOME (LOSS)	**72,186,152**	**134,004,921**
INTEREST	9,641,214	18,873,362
INCOME TAX EXPENSE	1,367,500	1,368,300
Income Before Allocation to Non-Controlling Interest	**61,177,438**	**113,763,259**
Allocation of Income to Non-Controlling Interest	**(31,063,958)**	**(59,112,690)**
NET INCOME (LOSS)	**30,113,480**	**54,650,569**

PRIME HEALTHCARE SERVICES
CONSOLIDATED CASH FLOWS STATEMENT
YTD FOR THE PERIOD ENDED 06/30/11

	PHSI YTD 6/30/11
Cash Flows from Operating Activities:	
Controlling Interest in Net Income	$ 54,650,569
Adj to Reconcile Controlling Interest in Net Income to Net Cash:	
Depreciation and Amortization	$ 16,805,300
Amortization of Loan Fees	167,922
Loss (Gain) on Sale of Assets	(500)
Loss from Joint Ventures	0
Provision for Doubtful Accounts	144,580,915
Non-Controlling Interest in Net Income	59,112,690
Changes in Assets & Liab Net of Acquisitions:	0
Patient Accounts Receivable	(176,745,706)
Supplies Inventory	(19,977)
Prepaid Expenses and Other Assets	6,152,512
Due to/from Related Parties	(1,444,392)
Accounts Payable	(5,462,728)
Accrued Expenses	5,642,319
Medical Claims Payable	126,788
Deferred Rent	1,136,425
Estimated 3rd Party Payer Settlements	32,773,942
Accrued Professional Liability Reserve	0
Net Cash Provided by / (Used for) Operating Activities	**$ 137,476,079**
Cash Flows from Investing Activities:	
Purchase of Property and Equipment	($ 18,972,189)
Proceeds Received from Sale of Property and Equipment	0
Investments in Joint Venture	0
Cash Paid for Acquisitions, Net of Cash Acquired	0
Proceeds / (Advances) on Notes Receivable	2,000,000
Net Cash Provided by / (Used for) Investing Activities	**($ 16,972,189)**
Cash Flows from Financing Activities:	
Net Borrowings / (Pay Down) on Line of Credit	$ 4,137,343
Proceeds from / (Re-Payments of) Long-Term Debt Borrowing	66,000,085
Payments on Capital Lease Obligations	(2,029,270)
Loan Fees Paid in Connection with Financing of Debt	(1,007,532)
Distribution to Non-Controlling Interest	(114,000,000)
Distribution to Stockholder	(0)
Net Cash Provided by / (Used for) Financing Activities	**($ 46,899,374)**
Net Change in Cash and Cash Equivalents	**$ 73,604,516**
Beginning Cash Balance	**$ 77,159,642**
Ending Cash Balance	**$ 150,764,158**