

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

FORM 10-K

(Mark One)
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

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
(State or Other Jurisdiction of
Incorporation or Organization)

20-0191742
20-0242069
(IRS Employer
Identification No.)

1000 Urban Center Drive, Suite 501
Birmingham, AL
(Address of Principal Executive Offices)

35242
(Zip Code)

(205) 969-3755
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001 per share of Medical Properties Trust, Inc.	New York Stock Exchange

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

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

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

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

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

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.

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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).

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

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

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 (Check one):

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

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

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

As of June 30, 2015, the aggregate market value of the 209,088,398 shares of common stock, par value \$0.001 per share ("Common Stock"), held by non-affiliates of the registrant was \$2,741,148,898 based upon the last reported sale price of \$13.11 on the New York Stock Exchange on that date. For purposes of the foregoing calculation only, all directors and executive officers of the registrant have been deemed affiliates.

As of February 26, 2016, 237,846,536 shares of Medical Properties Trust, Inc. Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2016 are incorporated by reference into Items 10 through 14 of Part III, of this Annual Report on Form 10-K.

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EXPLANATORY NOTE

This report combines the Annual Reports on Form 10-K for the year ended December 31, 2015, of Medical Properties Trust, Inc., a Maryland corporation, and MPT Operating Partnership, L.P., a Delaware limited partnership, through which Medical Properties Trust, Inc. conducts substantially all of its operations. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” “our company,” “Medical Properties,” “MPT,” or “the Company” refer to Medical Properties Trust, Inc. together with its consolidated subsidiaries, including MPT Operating Partnership, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” or “the operating partnership” refer to MPT Operating Partnership, L.P. together with its consolidated subsidiaries.

CAUTIONARY LANGUAGE REGARDING FORWARD LOOKING STATEMENTS

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

- our business strategy;
- our projected operating results;
- our ability to acquire or develop additional facilities in the United States or Europe;
- availability of suitable facilities to acquire or develop;
- our ability to enter into, and the terms of, our prospective leases and loans;
- our ability to raise additional funds through offerings of debt and equity securities and/or property disposals;
- our ability to obtain future financing arrangements;
- estimates relating to, and our ability to pay, future distributions;
- our ability to service our debt and comply with all of our debt covenants;
- our ability to compete in the marketplace;
- lease rates and interest rates;
- market trends;
- projected capital expenditures; and
- the impact of technology on our facilities, operations and business.

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

- the factors referenced in this Annual Report on Form 10-K, including those set forth under the sections captioned “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business;”
- U.S. (both national and local) and European (in particular Germany, the United Kingdom, Spain and Italy) economic, business, real estate, and other market conditions;

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- the competitive environment in which we operate;
- the execution of our business plan;
- financing risks;
- acquisition and development risks;
- potential environmental contingencies and other liabilities;
- other factors affecting the real estate industry generally or the healthcare real estate industry in particular;
- our ability to maintain our status as a real estate investment trust, or REIT for U.S. federal and state income tax purposes;
- our ability to attract and retain qualified personnel;
- changes in foreign currency exchange rates;
- U.S. (both federal and state) and European (in particular Germany, the United Kingdom, Spain and Italy) healthcare and other regulatory requirements; and
- U.S. national and local economic conditions, as well as conditions in Europe and any other foreign jurisdictions where we own or will own healthcare facilities, which may have a negative effect on the following, among other things:
 - the financial condition of our tenants, our lenders, counterparties to our interest rate swaps and other hedged transactions and institutions that hold our cash balances, which may expose us to increased risks of default by these parties;
 - our ability to obtain equity or debt financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities, refinance existing debt, comply with debt covenants, and our future interest expense; and
 - the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.

When we use the words “believe,” “expect,” “may,” “potential,” “anticipate,” “estimate,” “plan,” “will,” “could,” “intend” or similar expressions, we are identifying forward-looking statements. You should not place undue reliance on these forward-looking statements. Except as required by law, we disclaim any obligation to update such statements or to publicly announce the result of any revisions to any of the forward-looking statements contained in this Annual Report on Form 10-K to reflect future events or developments.

PART I

ITEM 1. Business

Overview

We are a self-advised real estate investment trust (“REIT”) focused on investing in and owning net-leased healthcare facilities across the United States and selectively in foreign jurisdictions. We have operated as a REIT since April 6, 2004, and accordingly, elected REIT status upon the filing of our calendar year 2004 federal income tax return. Medical Properties Trust, Inc. was incorporated under Maryland law on August 27, 2003, and MPT Operating Partnership, L.P. was formed under Delaware law on September 10, 2003. We conduct substantially all of our business through MPT Operating Partnership, L.P. We acquire and develop healthcare facilities and lease the facilities to healthcare operating companies under long-term net leases, which require the tenant to bear most of the costs associated with the property. We also make mortgage loans to healthcare

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operators collateralized by their real estate assets. In addition, we selectively make loans to certain of our operators through our taxable REIT subsidiaries, the proceeds of which are typically used for acquisition and working capital purposes. Finally, from time to time, we acquire a profits or other equity interest in our tenants that gives us a right to share in such tenants' profits and losses.

Our investments in healthcare real estate, including mortgage and other loans, as well as any equity investments in our tenants are considered a single reportable segment as further discussed in Note 1 of Item 8 in Part II of this Annual Report on Form 10-K. All of our investments are currently located in the United States and Europe. At December 31, 2015 and 2014, we had \$5.6 billion and \$3.7 billion, respectively, in total assets made up of the following:

(dollars in thousands)	2015		2014	
Real estate owned (gross)(1)	\$3,875,536	69.1%	\$2,589,128	69.6%
Mortgage loans	757,581	13.5%	397,594	10.7%
Other loans	664,822	11.9%	573,167	15.4%
Construction in progress	49,165	0.9%	23,163	0.6%
Other assets(1)	262,247	4.6%	137,278	3.7%
Total	<u>\$5,609,351</u>	<u>100.0%</u>	<u>\$3,720,330</u>	<u>100.0%</u>

(1) Includes \$1.3 billion and \$784.2 million of healthcare real estate assets in Europe in 2015 and 2014, respectively.

Revenue by property type:

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

	2015		2014		2013	
General Acute Care Hospitals(1)(2)	\$254,727	57.6%	\$186,399	59.6%	\$144,291	59.5%
Rehabilitation Hospitals(2)	134,198	30.4%	71,564	22.9%	43,441	17.9%
Long-Term Acute Care Hospitals	52,651	11.9%	53,908	17.2%	53,130	21.9%
Wellness Centers(3)	302	0.1%	661	0.3%	1,661	0.7%
Total revenue	<u>\$441,878</u>	<u>100.0%</u>	<u>\$312,532</u>	<u>100.0%</u>	<u>\$242,523</u>	<u>100.0%</u>

(1) Includes three medical office buildings.

(2) Includes \$83.0 million and \$26.0 million in revenue from the healthcare real estate assets in Europe in 2015 and 2014, respectively.

(3) We sold our six wellness centers in August 2015.

See "Overview" in Item 7 of this Annual Report on Form 10-K for details of transaction activity for 2015, 2014 and 2013. More information is available on the Internet at www.medicalpropertytrust.com.

Portfolio of Properties

As of February 26, 2016, our portfolio consisted of 205 properties: 180 facilities (of the 191 facilities that we own) are leased to 28 tenants, 11 are under development (including 10 development projects with Adeptus Health, Inc.), and the remaining assets are in the form of mortgage loans to four operators. Our facilities consist of 110 general acute care hospitals, 23 long-term acute care hospitals, 69 inpatient rehabilitation hospitals, and three medical office buildings.

At December 31, 2015, no single property accounted for more than 2% of our total assets.

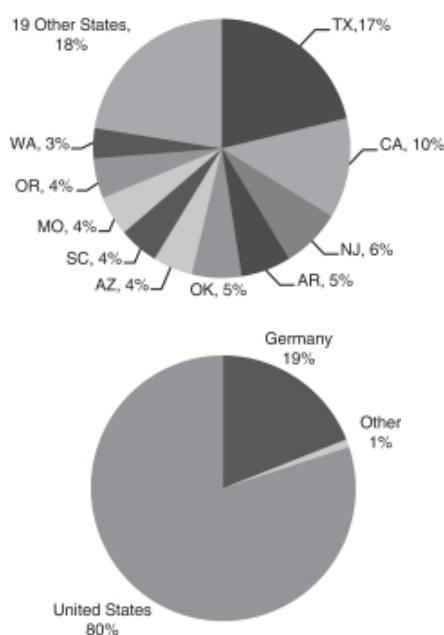
Outlook and Strategy

Our strategy is to lease the facilities that we acquire or develop to experienced healthcare operators pursuant to long-term net leases. Alternatively, we have structured certain of our investments as long-term, interest-only mortgage loans to healthcare operators, and we may make similar investments in the future. Our mortgage loans are structured such that we obtain similar economic returns as our net leases. In addition, we have obtained and will continue to obtain profits or other interests in certain of our tenants' operations in order to enhance our overall return. The market for healthcare real estate is extensive and includes real estate owned by a variety of healthcare operators. We focus on acquiring and developing those net-leased facilities that are specifically designed to reflect the latest trends in healthcare delivery methods and that focus on the most critical components of healthcare. We typically invest in facilities that have the highest intensity of care including:

- Acute care – provide inpatient care for the treatment of acute conditions and manifestations of chronic conditions. They also provide ambulatory care through hospital outpatient departments and emergency rooms. Typically, hospital stays average anywhere from three to five days.
- Long-term acute – specialty-care hospital designed for patients with serious medical problems that require intense, special treatment for an extended period of time, typically requiring a hospital stay averaging in excess of three weeks.
- Inpatient rehabilitation – provide rehabilitation to patients with various neurological, muscular, skeletal orthopedic and other medical conditions following stabilization of their acute medical issues.

Diversification

A fundamental component of our business plan is the continued diversification of our tenant relationships, the types of hospitals we own and the geographic areas in which we invest. From a tenant relationship perspective, see section titled "Significant Tenants" below for detail. See sections titled "Revenue by Property Type" and "Portfolio of Properties" above for information on the diversification of our hospital types. From a geography perspective, we have investments across the United States. See below for investment concentration in the United States and our global concentration at December 31, 2015(1):



(1) Represents investment concentration as a percentage of gross real estate assets assuming all real estate commitments are fully funded.

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We continue to believe that Europe represents an attractive market in which to invest. With two joint ventures that we formed in 2015 with affiliates of Axa Real Estate (as described more fully in Item 7 of Part II of this Form 10-K), we now have investments in Germany, the United Kingdom, Italy and Spain.

In regards to Germany (the largest market in Europe that we are invested), we believe it is an attractive investment opportunity for us given Germany's strong macroeconomic position and healthcare environment. Germany's GDP, which is approximately \$3,868 billion according to World Bank 2014 data, has been relatively more stable than other countries in the European Union due to Germany's culture, which embodies stable business practices and monetary policy. In addition to cultural influences, government policies emphasizing sound public finance and a significant presence of small and medium-sized enterprises (which employ 60% of the employment base) have also contributed to Germany's strong and sustainable economic position. The above factors have contributed to an unemployment rate in Germany of 4.5% as of December 2015, which is significantly less than the 9.0% unemployment rate in the European Union generally as of December 2015, according to Eurostat.

Underwriting/Asset Management

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

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

- admission levels by service type;
- the current, historical and prospective operating margins (measured by a tenant's earnings before interest, taxes, depreciation, amortization and facility rent) of each tenant and at each facility;
- the ratio of our tenants' operating earnings both to facility rent and to other fixed costs, including debt costs;
- trends in the source of our tenants' revenue, including the relative mix of public payors (including Medicare, Medicaid/MediCal, and managed care in the U.S. as well as equivalent payors in Germany, Italy, Spain, and the United Kingdom) and private payors (including commercial insurance and private pay patients);
- trends in tenant cash collections, including comparison to recorded net patient service revenues;
- the effect of any legal, regulatory or compliance proceedings with our tenants;
- the effect of evolving healthcare legislation and other regulations (including changes in reimbursement) on our tenants' profitability and liquidity;
- the competition and demographics of the local and surrounding areas in which our tenants operate;
- evaluation of medical staff doctors associated with the facility/facilities, including specialty, tenure and number of procedures performed;
- evaluation of the operator's and facility's administrative team, as applicable, including background and tenure within the healthcare industry;

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- market position relative to competition;
- compliance, accreditation, quality performance and health outcomes as measured by The Centers for Medicare and Medicaid Services (“CMS”) and Joint Commission; and
- the level of investment in health IT systems.

Healthcare Industry

Healthcare is the single largest industry in the United States (“U.S.”) based on Gross Domestic Product (“GDP”). According to the National Health Expenditures report dated January 2015 by the CMS: (i) national health expenditures are projected to grow 5.3% in 2016; (ii) the average compound annual growth rate for national health expenditures, over the projection period of 2016 through 2024, is anticipated to be 5.8%; and (iii) the healthcare industry is projected to represent 19.6% of U.S. GDP by 2024.

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

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

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

- compelling demographics driving the demand for healthcare services;
- specialized nature of healthcare real estate investing; and
- consolidation of the fragmented healthcare real estate sector.

Our Leases and Loans

The leases for our facilities are “net” leases with terms generally requiring the tenant to pay all ongoing operating and maintenance expenses of the facility, including property, casualty, general liability and other insurance coverages, utilities and other charges incurred in the operation of the facilities, as well as real estate and certain other taxes, ground lease rent (if any) and the costs of capital expenditures, repairs and maintenance (including any repairs mandated by regulatory requirements). Similarly, borrowers under our mortgage loan arrangements retain the responsibilities of ownership, including physical maintenance and improvements and all costs and expenses. Our leases and loans typically require our tenants to indemnify us for any past or future environmental liabilities. Our current leases and loans have a weighted-average remaining initial lease term of 14.8 years (see Item 2 for more information on remaining lease terms). Based on current monthly revenue, approximately 96% of our leases and loans provide for annual rent or interest escalations based on either increases in the U.S. Consumer Price Index (“CPI”) or minimum annual rent or interest escalations ranging from 0.5% to 5%. In some cases, our domestic leases and loans provide for escalations based on CPI subject to floors

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and/or ceilings. In certain limited cases, we may have arrangements that provide for additional rents based on the level of a tenant's revenue.

RIDEA Investments

We have and will make equity investments, loans (with equity like returns) and obtain profit interests in certain of our tenants. Some of these investments fall under a structure permitted by the Housing and Economic Recovery Act of 2008 ("RIDEA"). Under the provisions of RIDEA, a REIT may lease "qualified health care properties" on an arm's length basis to a taxable REIT subsidiary ("TRS") if the property is operated on behalf of such subsidiary by a person who qualifies as an "eligible independent contractor." We view RIDEA as a structure primarily to be used on properties that present attractive valuation entry points. At December 31, 2015, our RIDEA investments totaled approximately \$600 million.

Significant Tenants

On December 31, 2015, we had total assets of approximately \$5.6 billion comprised of 202 healthcare properties in 29 states, in Germany, Italy, Spain and in the United Kingdom. The properties are leased to or mortgaged by 28 different hospital operating companies.

Affiliates of Prime Healthcare Services, Inc. ("Prime") lease 17 facilities pursuant to master lease agreements. The master leases are for 10 years and contain two renewal options of five years each. The annual escalators reflect 100% of CPI increases, along with a 2% minimum floor. At the end of the initial or any renewal term, Prime must exercise any available extension or purchase option with respect to all or none of the leased and mortgaged properties relative to each master lease. The master leases include repurchase options, including provisions establishing minimum repurchase prices equal to our total investment. At December 31, 2015, these facilities had an average remaining lease term of 7.2 years. In addition to leases, we hold mortgage loans on seven facilities owned by affiliates of Prime. The terms and provisions of these loans are generally equivalent to the terms and provisions of our Prime lease arrangements. Prime represented 18.4% of our total assets at December 31, 2015 and 20.0% at December 31, 2014.

Affiliates of Ernest Health, Inc. ("Ernest") lease 22 facilities pursuant to a master lease agreement and other lease agreements, which includes one under development. The original master lease agreement entered into in 2012 has a 20-year term with three five-year extension options and provides for consumer price-indexed increases, limited to a 2% floor and 5% ceiling annually. At December 31, 2015, these facilities had an average remaining lease term of 16.5 years. In addition to the master lease, we hold a mortgage loan on four facilities owned by affiliates of Ernest that will mature in 2032. The terms and provisions of these loans are generally equivalent to the terms and provisions of the master lease agreement. Ernest represented 10.2% of our total assets at December 31, 2015 and 13.0% at December 31, 2014.

In December 2015, MEDIAN Kliniken S.à r.l., (lessee of 31 of our German facilities) merged with RHM Klinik-und Altenheimbetriebe GmbH & Co. KG. ("RHM")(lessee of 15 of our German facilities) to form MEDIAN. MEDIAN leases 46 facilities pursuant to two master lease agreements. Each master lease agreement has a 27-year fixed term. The annual escalator for one master lease that represents approximately 15 facilities of the MEDIAN portfolio provides for fixed increases of 2% for 2016 and 2017 and additional fixed increases of 0.5% each year thereafter. In addition, at December 31, 2020 and every three years thereafter, rent will be increased to reflect 70% of cumulative increases in German CPI. The annual escalator for the other master lease that represents the remaining facilities of the MEDIAN portfolio provides for increases of the greater of 1% or 70% of the change in German CPI. MEDIAN represented 17.4% of our total assets at December 31, 2015 and 19.0% at December 31, 2014.

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Affiliates of Capella Healthcare, Inc. (“Capella”) lease five facilities (four of which are leased pursuant to a master lease agreement). The real estate leases have 15-year terms with four 5-year extension options, plus consumer price-indexed increases, limited to a 2% floor and a 4% ceiling annually. At December 31, 2015, these facilities had an average remaining lease term of 14.7 years. In addition to the master lease, we hold a mortgage loan on two facilities that will mature in 2030. The terms and provisions of these loans are generally equivalent to the terms and provisions of the master lease agreement. We have closed on seven Capella properties and expect to close on an eighth during 2016. Capella represented 18.1% of our total assets at December 31, 2015.

No other tenant accounted for more than 6.2% of our total assets at December 31, 2015.

Environmental Matters

Under various federal, state and local environmental laws and regulations, a current or previous owner, operator or tenant of real estate may be required to remediate hazardous or toxic substance releases or threats of releases. There may also be certain obligations and liabilities on property owners with respect to asbestos containing materials. Investigation, remediation and monitoring costs may be substantial. The confirmed presence of contamination or the failure to properly remediate contamination on a property may adversely affect our ability to sell or rent that property or to borrow funds using such property as collateral and may adversely impact our investment in that property. Generally, prior to completing any acquisition or closing any mortgage loan, we obtain Phase I environmental assessments (or their equivalent studies outside the United States) in order to attempt to identify potential environmental concerns at the facilities. These assessments are carried out in accordance with an appropriate level of due diligence and generally include a physical site inspection, a review of relevant environmental and health agency database records, one or more interviews with appropriate site-related personnel, review of the property’s chain of title and review of historic aerial photographs and other information on past uses of the property. We may also conduct limited subsurface investigations and test for substances of concern where the results of the Phase I environmental assessments or other information indicates possible contamination or where our consultants recommend such procedures. Upon closing and for the remainder of the lease or loan term, our transaction documents require our tenants to repair and remediate any environmental concern at the applicable facility, and to comply in full with all environmental laws and regulations.

California Seismic Standards

California’s Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1973 (the “Alquist Act”) established a seismic safety building standards program under the Office of Statewide Health Planning and Development (“OSHPD”) jurisdiction for hospitals built on or after March 7, 1973. It required the California Building Standards Commission to adopt earthquake performance categories, seismic evaluation procedures, standards and timeframes for upgrading certain facilities, and seismic retrofit building standards. These regulations required hospitals to meet certain seismic performance standards to ensure that they are capable of providing medical services to the public after an earthquake or other disaster. The Building Standards Commission completed its adoption of evaluation criteria and retrofit standards in 1998. The Alquist Act required the Building Standards Commission adopt certain evaluation criteria and retrofit standards such as:

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

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Since the Alquist Act, subsequent legislation has modified requirements of seismic safety standards and deadlines for compliance. Originally, hospital buildings considered hazardous and at risk of collapse in the event of an earthquake must have been retrofitted, replaced or removed from providing acute care services by January 1, 2008; however, provisions were made to allow this deadline to be extended to January 1, 2013.

Senate Bill 499 was signed into law that provided for a number of seismic relief measures, including criteria for reclassifying buildings into a lower seismic risk category. These buildings would have until January 1, 2030 to comply with structural seismic safety standards. Buildings denied reclassification must have met seismic compliance standards by January 1, 2013, unless further extensions were granted.

California's AB 306 legislation permitted OSHPD to grant extensions to acute care hospitals that lacked the financial capacity to meet the January 1, 2013 retrofit deadline, and instead, requires them to replace those buildings by January 1, 2020. More recently, California SB 90 allows a hospital to seek an extension for seismic compliance up to seven years based on three elements:

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

As of December 31, 2015, we have 13 facilities in California totaling investments of \$547.1 million. Exclusive of approved SB 90 extensions at four facilities, all of our California buildings are seismically compliant through 2030 as determined by OSHPD. For the four hospitals with SB 90 extensions, voluntary retrofit plans are underway and full compliance is expected. Under our current agreements, our tenants are responsible for capital expenditures in connection with seismic laws. Further, we do not expect California seismic standards to have a negative impact on our financial condition or cash flows. We also do not expect compliance with California seismic standards to materially impact the financial condition of our tenants.

Competition

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

- we may have less knowledge than our competitors of certain markets in which we seek to invest in or develop facilities;
- some of our competitors may have greater financial and operational resources than we have;
- some of our competitors may have lower costs of capital than we do;
- our competitors or other entities may pursue a strategy similar to ours; and
- some of our competitors may have existing relationships with our potential customers.

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

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

Insurance

Our leases and mortgage loans require the tenants to carry property, general liability, professional liability, loss of earnings and other insurance coverages and to name us as an additional insured under these policies. We monitor the adequacy of such coverages at least annually based upon insurance renewal. In addition, we have separately purchased contingent general liability insurance that provides coverage for bodily injury and property damage to third parties resulting from our ownership of the healthcare facilities that are leased to and occupied by our tenants, and contingent business interruption insurance. At December 31, 2015, we believe that the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage, and industry practice.

Healthcare Regulatory Matters

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

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

Applicable Laws

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

The Office of Inspector General of the Department of Health and Human Services (“OIG”) has issued “Safe Harbor Regulations” that describe practices that will not be considered violations of the Anti-Kickback

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Statute. Nonetheless, the fact that a particular arrangement does not meet safe harbor requirements does not also mean that the arrangement violates the Anti-Kickback Statute. Rather, the safe harbor regulations simply provide a guaranty that qualifying arrangements will not be prosecuted under the Anti-Kickback Statute. We intend to use commercially reasonable efforts to structure our arrangements involving facilities, so as to satisfy, or meet as closely as possible, safe harbor conditions. We cannot assure you, however, that we will meet all the conditions for the safe harbor.

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

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

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

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

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

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

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

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

Further, long-term acute care hospitals (“LTACHs”), which account for a significant percentage of our tenants, are continuing to face reimbursement pressures including resulting from the passage of the SGR Reform Act of 2013 (the “SGR Act”) in December 2013. The SGR Act impacted the provision of, and payment for, services provided by LTACHs to Medicare beneficiaries and imposed new criteria for LTACHs to be paid under the LTACH prospective payment system rather than the acute inpatient prospective payment system, or “IPPS,” rate. This “site-neutral” payment rate provides that LTACHs are reimbursed at the rate otherwise paid under the IPPS unless the patient has met certain qualifications. Payment at the IPPS rate results in reduced reimbursement. The SGR Act also delayed full implementation of the so-called “25% rule” through fiscal year 2017 and reinstated the moratorium on establishing or increasing LTACH beds through September 30, 2017.

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

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

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Employees

We have 50 employees as of February 26, 2016. As we continue to grow, we would expect our head count to increase as well. However, we do not believe that any adjustments to the number of employees will have a material effect on our operations or to general and administrative expenses as a percent of revenues. We believe that our relations with our employees are good. None of our employees are members of any union.

Available Information

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

ITEM 1A. Risk Factors

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

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

Limited access to capital may restrict our growth.

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

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

As of February 26, 2016, we had \$3.4 billion of debt outstanding.

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

- require us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund working capital, development projects and other general corporate purposes and reduce cash for distributions;
- require payments of principal and interest that may be greater than our cash flow from operations;

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- force us to dispose of one or more of our properties, possibly on disadvantageous terms, to make payments on our debt;
- increase our vulnerability to general adverse economic and industry conditions; limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from making strategic acquisitions or exploiting other business opportunities;
- make it more difficult for us to satisfy our obligations; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

Our future borrowings under our loan facilities may bear interest at variable rates in addition to the \$1.4 billion in variable interest rate debt (excluding any debt we have fixed with interest rate swaps) that we had outstanding as of December 31, 2015. If interest rates increase significantly, our operating results would decline along with the cash available for distributions to our stockholders.

In addition, most of our current debt is, and we anticipate that much of our future debt will be, non-amortizing and payable in balloon payments. Therefore, we will likely need to refinance at least a portion of that debt as it matures. Although we only have \$125 million in debt maturities in 2016, there is a risk that we may not be able to refinance debt maturing in future years or that the terms of any refinancing will not be as favorable as the terms of the then-existing debt. If principal payments due at maturity cannot be refinanced, extended or repaid with proceeds from other sources, such as new equity capital or sales of facilities, our cash flow may not be sufficient to repay all maturing debt in years when significant balloon payments come due. Additionally, we may incur significant penalties if we choose to prepay the debt. See Item 7 of Part II of this Form 10-K for further information on debt maturities.

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

The terms of our unsecured credit facility (“Credit Facility”) and the indentures governing our outstanding unsecured senior notes, and other debt instruments that we may enter into in the future are subject to customary financial and operational covenants. For example, our Credit Facility imposes certain restrictions on us, including restrictions on our ability to: incur debts; create or incur liens; provide guarantees in respect of obligations of any other entity; make redemptions and repurchases of our capital stock; prepay, redeem or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate; and change our business. In addition, the agreements governing our unsecured credit facility limit the amount of dividends we can pay as a percentage of normalized adjusted funds from operations, as defined, on a rolling four quarter basis. Through the quarter ending December 31, 2015, the dividend restriction was 95% of normalized adjusted FFO. The indentures governing our senior unsecured notes also limit the amount of dividends we can pay based on the sum of 95% of funds from operations, proceeds of equity issuances and certain other net cash proceeds. Finally, our senior unsecured notes require us to maintain total unencumbered assets (as defined in the related indenture) of not less than 150% of our unsecured indebtedness.

From time-to-time, the lenders of our Credit Facility may adjust certain covenants to give us more flexibility to complete a transaction; however, such modified covenants are temporary, and we must be in a position to meet the lowered reset covenants in the future. See “Short-term Liquidity Requirements” section for a discussion of the resetting of our total leverage and unsecured leverage ratio in 2016.

Our continued ability to incur debt and operate our business is subject to compliance with the covenants in our debt instruments, which limit operational flexibility. Breaches of these covenants could result in defaults under applicable debt instruments and other debt instruments due to cross-default provisions, even if payment obligations are satisfied. Financial and other covenants that limit our operational flexibility, as well as defaults resulting from a breach of any of these covenants in our debt instruments, could have a material adverse effect on our financial condition and results of operations.

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

Excluding our 2006 senior unsecured notes, as of February 26, 2016, we had approximately \$900 million in variable interest rate debt, which constitutes 27% of our overall indebtedness and subjects us to interest rate volatility. We may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as the \$125 million of interest rate swaps entered into in 2010 to fix the interest rate on our 2006 senior unsecured notes. However, even these hedging arrangements involve risk, including the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that these arrangements may result in higher interest rates than we would otherwise have. Moreover, no hedging activity can completely insulate us from the risks associated with changes in interest rates. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations and our ability to make distributions to our stockholders.

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

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

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

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

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

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

Failure on the part of a tenant to renew or extend the lease at the end of its fixed term on one of our facilities could result in us having to search for, negotiate with and execute new lease agreements, such as the case with our two South Carolina facilities – Bennettsville and Cheraw in 2015. The process of finding and negotiating with a new tenant along with costs (such as maintenance, property taxes, utilities, etc.) that we will incur while the facility is untenanted may be costly and require a disproportionate amount of management’s attention. There can be no assurance that we would be able to find another tenant in a timely fashion, or at all, or that, if another tenant were found, we would be able to enter into a new lease on favorable terms. If we are unable to re-let the properties to healthcare operators, we may be forced to sell the properties at a loss due to the repositioning expenses likely to be incurred by non-healthcare purchasers. Alternatively, we may be required to spend substantial amounts to adapt the facility to other uses. Thus, the non-renewal or extension of leases may adversely affect our results of operations, financial condition, and our ability to make distributions to our stockholders. This risk is even greater for those properties under master leases (like Prime, MEDIAN, Ernest, and Capella) because several properties have the same lease ending dates.

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

At December 31, 2015, we have 14 investments in the operations of certain of our healthcare facilities by utilizing RIDEA (or similar investments). These investments include profits interest, equity investments, and equity like loans that generate returns dependent upon the operator’s performance. As a result, the cash flow and returns from these investments may be more volatile than that of our traditional triple-net leasing structure. Our business, results of operations, and financial condition may be adversely affected if the related operators fail to successfully operate the facilities efficiently and in a manner that is in our best interest.

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

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

In addition, the rents payable under our leases of foreign assets are payable in either euros or British pounds, which could expose us to losses resulting from fluctuations in exchange rates to the extent we have not hedged our position, which in turn could adversely affect our revenues, operating margins and dividends, and may also affect the book value of our assets and the amount of stockholders’ equity. Further, any international currency gain recognized with respect to changes in exchange rates may not qualify under the 75% gross income test that we must satisfy annually in order to qualify and maintain our status as a REIT. Although we expect to hedge

some of our foreign currency risk, we may not be able to do so successfully and may incur losses on our investments as a result of exchange rate fluctuations. Furthermore, we are subject to laws and regulations, such as the Foreign Corrupt Practices Act and similar local anti-bribery laws, that generally prohibit companies and their employees, agents and contractors from making improper payments to governmental officials for the purpose of obtaining or retaining business. Failure to comply with these laws could subject us to civil and criminal penalties that could materially adversely affect our results of operations, the value of our international investments, and our ability to make distributions to our stockholders.

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

As of December 31, 2015, our real estate portfolio included 202 healthcare properties in 29 states and in Germany, Italy, Spain and the United Kingdom of which 179 facilities were leased to 28 hospital operating companies and 14 of the investments were in the form of mortgage loans. Affiliates of Prime leased or mortgaged 24 facilities, representing 18% of our total assets as of December 31, 2015. Total revenues from Prime were \$104 million, or 24% of our total revenue for the year ended December 31, 2015. Affiliates of Ernest leased or mortgaged 26 facilities (including one under development), representing 10% of our total assets as of December 31, 2015. Total revenues from Ernest were \$62 million, or 14% of our total revenue for the year ended December 31, 2015. Affiliates of Capella leased or mortgaged 7 facilities, representing 18% of our total assets as of December 31, 2015. Total revenues from Capella were \$29 million, or 6% of our total revenue for the year ended December 31, 2015. Finally, MEDIAN leased 46 facilities and represented 17% of total assets as of December 31, 2015. Total revenues from the combined MEDIAN-RHM were \$79 million, or 18% of our total revenue for the year ended December 31, 2015.

Our relationships with our significant tenants, and their financial performance and resulting ability to satisfy their lease and loan obligations to us are material to our financial results and our ability to service our debt and make distributions to our stockholders. We are dependent upon the ability of our significant tenants to make rent and loan payments to us, and their failure or delay to meet these obligations could have a material adverse effect on our financial condition and results of operations. For additional discussion of risks relating to our tenants' operations and obligations to comply with applicable industry laws, rules and regulations, see "Risks Relating to the Healthcare Industry" below.

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

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

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

Some of our tenants/investees are, and some of our prospective tenants/investees may be, newly organized, have limited or no operating history and may be dependent on loans from us to acquire the facility's operations and for initial working capital. Any bankruptcy filings by or relating to one of our tenants/investees could bar us from collecting pre-bankruptcy debts from that tenant or their property, unless we receive an order permitting us to do so from the bankruptcy court. A tenant bankruptcy can be expected to delay our efforts to collect past due

balances under our leases and loans, and could ultimately preclude collection of these sums. If a lease is assumed by a tenant in bankruptcy, we expect that all pre-bankruptcy balances due under the lease would be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any secured claims we have against our tenants may only be paid to the extent of the value of the collateral, which may not cover any or all of our losses. Any unsecured claim (such as our equity interests in our tenants) we hold against a bankrupt entity may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. We may recover none or substantially less than the full value of any unsecured claims, which would harm our financial condition.

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

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

- private investors, including large private equity funds;
- healthcare providers, including physicians;
- other REITs;
- real estate developers;
- government-sponsored and/or not-for-profit agencies;
- financial institutions; and
- other lenders.

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

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

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

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

We have 113 leased properties that are subject to purchase options as of December 31, 2015. For 91 of these properties, the purchase option generally allows the lessee to purchase the real estate at the end of the lease term, as long as no default has occurred, at a price equivalent to the greater of (i) fair market value or (ii) our original purchase price (increased, in some cases, by a certain annual rate of return from lease commencement date). The lease agreements provide for an appraisal process to determine fair market value. For 13 of these properties, the purchase option generally allows the lessee to purchase the real estate at the end of the lease term, as long as no default has occurred, at our purchase price (increased, in some cases, by a certain annual rate of return from lease commencement date). For the remaining nine leases, the purchase options approximate fair value. At December 31, 2015, none of our leases contained any bargain purchase options.

In certain circumstances, a prospective purchaser of our hospital real estate may be deemed to be subject to Anti-Kickback and Stark statutes, which are described on page 11 of this 2015 Form 10-K. In such event, it may not be practicable for us to sell property to such prospective purchasers at prices other than fair market value.

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

There is no assurance that we will be able to adapt our management, administrative, accounting and operational systems, or hire and retain sufficient operational staff, to manage the facilities we have acquired and those that we may acquire or develop, including those properties located in Europe or any future investments outside the United States. Our failure to successfully manage our current portfolio of facilities or any future acquisitions or developments could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to our stockholders.

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

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

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

We depend on the services of Edward K. Aldag, Jr., R. Steven Hamner, and Emmett E. McLean to carry out our business and investment strategy. If we were to lose any of these executive officers, it may be more difficult for us to locate attractive acquisition targets, complete our acquisitions and manage the facilities that we have acquired or developed. Additionally, as we expand, we will continue to need to attract and retain additional

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qualified officers and employees. The loss of the services of any of our executive officers, or our inability to recruit and retain qualified personnel in the future, could have a material adverse effect on our business and financial results.

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

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

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

- actual or anticipated variations in our quarterly operating results or distributions;
- changes in our funds from operations or earnings estimates or publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares of common stock to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- local conditions such as an oversupply of, or a reduction in demand for, rehabilitation hospitals, long-term acute care hospitals, ambulatory surgery centers, medical office buildings, specialty hospitals, skilled nursing facilities, regional and community hospitals, women's and children's hospitals and other single-discipline facilities;
- speculation in the press or investment community; and
- general market and economic conditions.

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

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

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

As of February 26, 2016, our corporate credit rating from Standard and Poor's Ratings Service was BB+, and our corporate family rating from Moody's Investors Service was Ba1. There can be no assurance that we will be able to maintain our current credit ratings. Any downgrades in terms of ratings or outlook by any or all of the rating agencies could have a material adverse effect on our cost and availability of capital, which could in turn have a material adverse effect on our financial condition and results of operations.

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

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

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

We currently have operations in Europe. International development, ownership, and operating activities involve risks that are different from those we face with respect to our domestic properties and operations. These risks include, but are not limited to, currency fluctuations; changes in foreign political, regulatory, and economic conditions; challenges in managing international operations (including the use of third-parties in providing accounting, legal, and other administrative functions); challenges of complying with a wide variety of foreign laws and regulations; foreign ownership restrictions with respect to operations in countries; and changes in applicable laws and regulations in the United States that affect foreign operations. If we are unable to successfully manage the risks associated with international expansion and operations, our results of operations and financial condition may be adversely affected.

Changes in currency exchange rates may subject us to risk.

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

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

RISKS RELATING TO REAL ESTATE INVESTMENTS

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

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

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

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

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

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

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

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

- we may have to compete for suitable development sites;
- our ability to complete construction is dependent on there being no title, environmental or other legal proceedings arising during construction;
- we may be subject to delays due to weather conditions, strikes and other contingencies beyond our control;
- we may be unable to obtain, or suffer delays in obtaining, necessary zoning, land-use, building, occupancy healthcare regulatory and other required governmental permits and authorizations, which could result in increased costs, delays in construction, or our abandonment of these projects;
- we may incur construction costs for a facility which exceed our original estimates due to increased costs for materials or labor or other costs that we did not anticipate; and
- we may not be able to obtain financing on favorable terms, which may render us unable to proceed with our development activities.

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

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

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

- we may have no previous business experience with the tenants at the facilities acquired, and we may face difficulties in managing them;
- underperformance of the acquired facilities due to various factors, including unfavorable terms and conditions of the existing lease agreements relating to the facilities, disruptions caused by the management of our tenants or changes in economic conditions;
- diversion of our management's attention away from other business concerns;
- exposure to any undisclosed or unknown potential liabilities relating to the acquired facilities; and
- potential underinsured losses on the acquired facilities.

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

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

Acquisitions and developments entail risks that investments will fail to perform in accordance with expectations and that estimates of the costs of improvements necessary to acquire and develop facilities will prove inaccurate, as well as general investment risks associated with any new real estate investment. Newly-developed or newly-renovated facilities may not have operating histories that are helpful in making objective pricing decisions. The purchase prices of these facilities will be based in part upon projections by management as to the expected operating results of the facilities, subjecting us to risks that these facilities may not achieve anticipated operating results or may not achieve these results within anticipated time frames.

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

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

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

Our leases generally require our tenants to carry property, general liability, professional liability, loss of earnings, all risk and extended coverage insurance in amounts sufficient to permit the replacement of the facility in the event of a total loss, subject to applicable deductibles. We carry general liability insurance and loss of earnings coverage on all of our properties as a contingent measure in case our tenant's coverage is not sufficient. However, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and acts of terrorism, which may be uninsurable or not insurable at a price we or our tenants can afford. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it impracticable to use insurance proceeds to replace a facility after it has been damaged or

destroyed. Under such circumstances, the insurance proceeds we receive might not be adequate to restore our economic position with respect to the affected facility. If any of these or similar events occur, it may reduce our return from the facility and the value of our investment. We continually review the insurance maintained by our tenants and operators and believe the coverage provided to be adequate and customary for similarly situated companies in our industry. However, we cannot provide any assurances that such insurance will be available at a reasonable cost in the future. Also, we cannot assure you that material uninsured losses, or losses in excess of insurance proceeds, will not occur in the future.

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

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

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

Our facilities are subject to real and personal property taxes that may increase as property tax rates change and as the facilities are assessed or reassessed by taxing authorities. Our leases generally provide that the property taxes are charged to our tenants as an expense related to the facilities that they occupy. As the owner of the facilities, however, we are ultimately responsible for payment of the taxes to the government. If property taxes increase, our tenants may be unable to make the required tax payments, ultimately requiring us to pay the taxes. If we incur these tax liabilities, our ability to make expected distributions to our stockholders could be adversely affected. In addition, if such taxes increase on properties in which we have an equity investment in the tenant, our return on investment may be negatively affected.

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

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

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

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

We have acquired interests in 24 of our facilities, at least in part, by acquiring leasehold interests in the land on which the facility is located rather than an ownership interest in the property, and we may acquire additional facilities in the future through ground leases. As lessee under ground leases, we are exposed to the possibility of losing the property upon termination, or an earlier breach by us, of the ground lease. Ground leases may also restrict our use of facilities, which may limit our flexibility in renting the facility and may impede our ability to sell the property.

Our acquisitions may not prove to be successful.

We are exposed to the risk that some of our acquisitions may not prove to be successful. We could encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities, and acquired properties might require significant management attention that would otherwise be devoted to our ongoing business. In addition, we might be exposed to undisclosed and unknown liabilities related to any acquired properties. If we agree to provide construction funding to an operator/tenant and the project is not completed, we may need to take steps to ensure completion of the project. Moreover, if we issue equity securities or incur additional debt, or both, to finance future acquisitions, it may reduce our per share financial results. These costs may negatively affect our results of operations.

RISKS RELATING TO THE HEALTHCARE INDUSTRY

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

Sources of revenue for our tenants and operators may include the Medicare and Medicaid programs, private insurance carriers, and health maintenance organizations, among others. Efforts by such payors to reduce healthcare costs could continue, which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. In addition, the failure of any of our tenants to comply with various laws and regulations could jeopardize their ability to continue participating in Medicare, Medicaid, and other government-sponsored payment programs.

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

CMS's increased attention on reimbursement for LTACHs and inpatient rehabilitation facilities ("IRFs"), and increased regulatory restrictions on LTACH and IRF reimbursement, has reduced reimbursement for some tenants that operate LTACHs and IRFs. CMS may continue to explore implementing other restrictions on LTACH and IRF reimbursement and possibly develop more restrictive facility and patient level criteria for these types of facilities. These changes could have a material adverse effect on the financial condition of some of our tenants, which could have a material adverse effect on our financial condition and results of operations and could negatively affect our ability to make distributions to our stockholders.

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

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

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

Further, many hospitals and other institutional providers are accredited by accrediting agencies such as the Joint Commission, a national healthcare accrediting organization. The Joint Commission was created to accredit healthcare organizations that meet its minimum health and safety standards. A national accrediting organization, such as the Joint Commission, enforces standards that meet or exceed such requirements. Surveyors for the Joint Commission, prior to the opening of a facility and approximately every three years thereafter, conduct on site surveys of facilities for compliance with a multitude of patient safety, treatment, and administrative requirements. Facilities may lose accreditation for failure to meet such requirements, which in turn may result in the loss of license or certification including under the Medicare and Medicaid programs. For example, a facility may lose accreditation for failing to maintain proper medication in the operating room to treat potentially fatal reactions to anesthesia or for failure to maintain safe and sanitary medical equipment.

Finally, healthcare facility reimbursement practices and quality of care issues may result in loss of license or certification. For instance, the practice of "upcoding," whereby services are billed for higher procedure codes than were actually performed, may lead to the revocation of a hospital's license. An event involving poor quality

of care, such as that which leads to the serious injury or death of a patient, may also result in loss of license or certification. The Services Employees International Union (“SEIU”) has alleged that our tenant Prime may have upcoded for certain procedures and may be providing poor quality of care, in addition to allegations of delaying the transfer of out-of-network patients to their preferred medical provider once they have stabilized. Prime has addressed these allegations publicly and has provided clinical and other data to us refuting these allegations. Prime has also informed us that the SEIU is attempting to organize certain Prime employees. Prime has also disclosed an ongoing investigation by the United States Department of Justice into billing practices and patient confidentiality statutes.

The failure of any tenant to comply with such laws, requirements, and regulations resulting in a loss of its license would affect its ability to continue its operation of the facility and would adversely affect the tenant’s ability to make lease and/or principal and interest payments to us. This, in turn, could have a material adverse effect on our financial condition and results of operations and could negatively affect our ability to make distributions to our shareholders. In instances where we have an equity investment in our tenants’ operations, in addition to the effects on these tenants’ ability to meet their financial obligations to us, our ownership and investment interests would be negatively impacted.

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

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

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

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

tenants' operations, in addition to the effect on these tenants' ability to meet their financial obligations to us, our ownership and investment interests may also be negatively impacted.

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

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

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

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

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

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

Certain healthcare facilities in which we invest may also be subject to state laws which require regulatory approval in the form of a certificate of need prior to the transfer of a healthcare facility or prior to initiation of certain projects, including, but not limited to, the establishment of new or replacement facilities, the addition of beds, the addition or expansion of services and certain capital expenditures. State certificate of need laws are not uniform throughout the United States, are subject to change, and may delay acquisitions of facilities. We cannot predict the impact of state certificate of need laws on our acquisition or development of facilities or the operations of our tenants. Certificate of need laws often materially impact the ability of competitors to enter into the marketplace of our facilities. In addition, in limited circumstances, loss of state licensure or certification or closure of a facility could ultimately result in loss of authority to operate the facility and require re-licensure or new certificate of need authorization to re-institute operations. As a result, a portion of the value of the facility may be related to the limitation on new competitors. In the event of a change in the certificate of need laws, this value may markedly change.

RISKS RELATING TO OUR ORGANIZATION AND STRUCTURE

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

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

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

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

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

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

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, and maintaining personal identifying information and tenant and lease data. We purchase or license some of our information technology from vendors, on whom our systems depend. We rely on

commercially available systems, software, tools and monitoring to provide security for the processing, transmission and storage of confidential tenant data. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is possible that our safety and security measures will not prevent the systems' improper functioning or the improper access or disclosure of our or our tenant's information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. The risk of security breaches has generally increased as the number, intensity and sophistication of attacks have increased. In some cases, it may be difficult to anticipate or immediately detect such incidents and the damage they cause. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a materially adverse effect on our business, financial condition and results of operations.

Changes in accounting pronouncements could adversely affect our operating results, in addition to the reported financial performance of our tenants.

Uncertainties posed by various initiatives of accounting standard-setting by the Financial Accounting Standards Board and the Securities and Exchange Commission, which create and interpret applicable accounting standards for U.S. companies, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of our financial statements. Proposed changes include, but are not limited to, changes in lease accounting and the adoption of accounting standards likely to require the increased use of "fair-value" measures.

These changes could have a material impact on our reported financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements. Similarly, these changes could have a material impact on our tenants' reported financial condition or results of operations or could affect our tenants' preferences regarding leasing real estate.

TAX RISKS ASSOCIATED WITH OUR STATUS AS A REIT

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

We believe that we qualify as a REIT for federal income tax purposes and have elected to be taxed as a REIT under the federal income tax laws commencing with our taxable year that began on April 6, 2004, and ended on December 31, 2004. The REIT qualification requirements are extremely complex, and interpretations of the federal income tax laws governing qualification as a REIT are limited. Accordingly, there is no assurance that we will be successful in operating so as to qualify as a REIT. At any time, new laws, regulations, interpretations or court decisions may change the federal tax laws relating to, or the federal income tax consequences of, qualification as a REIT. It is possible that future economic, market, legal, tax or other considerations may cause our board of directors to revoke the REIT election, which it may do without stockholder approval.

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

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income; therefore, we would be subject to federal income tax at regular corporate rates, and we might need to borrow money or sell assets in order to pay any such tax;
- we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under statutory provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify.

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

Failure to make required distributions would subject us to tax.

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

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

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

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

In addition to current requirements, tax laws are always evolving. Changes to the tax laws, such as the Protecting Americans From Tax Hikes Act of 2015 ("PATH Act") enacted on December 18, 2015, or interpretations thereof by the IRS, could materially and adversely impact us and our stockholders. The PATH Act included several law changes impacting REITs that have various effective dates. One of the more notable changes reduces the value of our assets that may consist of securities of one or more taxable REIT subsidiaries from 25% to 20% for taxable years beginning after December 31, 2017. Compliance with current and future changes to REIT requirements may limit our flexibility in executing our business plan.

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

We have purchased certain properties and leased them back to the sellers of such properties, and we may enter into similar transactions in the future. We intend for any such sale-leaseback transaction to be structured in

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a manner that the lease will be characterized as a “true lease,” thereby allowing us to be treated as the owner of the property for U.S. federal income tax purposes. However, depending on the terms of any specific transaction, the IRS might take the position that the transaction is not a “true lease” but is more properly treated in some other manner. In the event any sale-leaseback transaction is challenged and successfully re-characterized, we might fail to satisfy the REIT asset tests or income test and, consequently could lose our REIT status effective with the year of re-characterizations.

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

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

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

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

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

ITEM 1B. *Unresolved Staff Comments*

None.

ITEM 2. *Properties*

At December 31, 2015, our portfolio consisted of 202 properties: 179 facilities (of the 188 facilities that we owned) were in operation and leased to 28 operators, 14 assets were in the form of first mortgage loans to four operators, and nine properties that were under construction. Our owned facilities consisted of 97 general acute care hospitals, 22 long-term acute care hospitals, 66 inpatient rehabilitation hospitals, and three medical office buildings. The 14 non-owned facilities were in the form of first mortgage loans to four operators. These non-owned properties consisted of 10 general acute care facilities, one long-term acute care hospital, and three inpatient rehabilitation hospitals to four operators.

	Total Properties	Total 2015 Revenue	Percentage of Total Revenue	Total Investment
(Dollars in thousands)				
United States:				
Alabama	2	\$ 509	0.1%	\$ 8,614
Arizona	9	21,188	4.8%	220,447(C)
Arkansas	2	9,311	2.1%	278,646
California	13	66,120	15.0%	547,085
Colorado	12	10,188	2.3%	87,741(C)
Connecticut	—	173	0.0%	1,500(D)
Florida	1	2,250	0.5%	25,810
Idaho	4	12,461	2.8%	102,196
Indiana	2	4,829	1.1%	52,003
Kansas	3	11,050	2.5%	97,372
Louisiana	4	12,351	2.8%	131,326
Massachusetts	—	69	0.0%	— (D)
Michigan	2	2,274	0.5%	40,743
Missouri	4	17,745	4.0%	210,921
Montana	1	2,544	0.6%	21,374
Nevada	1	9,826	2.2%	83,598
New Jersey	7	27,688	6.3%	338,847
New Mexico	2	5,911	1.3%	53,081
Ohio	1	—	0.0%	13,693(C)
Oklahoma	2	9,354	2.1%	277,742
Oregon	2	9,497	2.2%	203,595
Pennsylvania	1	4,638	1.1%	39,766
Rhode Island	—	60	0.0%	— (D)
South Carolina	6	12,321	2.8%	213,509
Texas	58	87,541	19.8%	917,314(A)(C)
Utah	3	9,759	2.2%	104,805
Virginia	1	1,072	0.2%	10,915
Washington	—	—	0.0%	163,191(E)
West Virginia	1	2,563	0.6%	21,109
Wisconsin	1	2,861	0.7%	29,048
Wyoming	1	2,708	0.6%	22,753
Total United States	146	\$358,861	81.2%	\$4,318,744
International:				
United Kingdom	1	\$ 4,365	1.0%	\$ 41,629
Germany	46	78,541	17.8%	978,530
Italy	8	—	0.0%	97,364(F)
Spain	1	111	0.0%	13,668
Total international	56	\$ 83,017	18.8%	\$1,131,191
Total	202	\$441,878	100.0%	\$5,449,935(B)

(A) Includes our Twelve Oaks facility that is 55% occupied. Our total gross investment in the facility is \$62.5 million.

(B) Excludes domestic equity interests and accumulated depreciation and amortization. Includes other loans of \$664.8 million.

(C) Includes development projects still under construction at December 31, 2015.

(D) Includes revenue related to properties that were disposed during 2015, including an existing loan related to the disposed property. We do not own any property in this state as of December 31, 2015.

(E) Includes acquisition loan for Capella facility that has not converted to real estate at December 31, 2015.

(F) Includes \$97 million equity investment in eight facilities that is included in other assets on the balance sheet at December 31, 2015.

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Type of Property <i>(includes properties subject to leases and loans)</i>	Number of Properties	Number of Square Feet	Number of Licensed Beds(C)
General Acute Care Hospitals(A)	107	15,080,765	9,557
Long-Term Acute Care Hospitals	23	1,209,361	1,304
Rehabilitation Hospitals(B)	69	7,716,590	10,439
Medical Office Buildings	3	96,106	—
	<u>202</u>	<u>24,102,822</u>	<u>21,300</u>

- (A) One of our general acute care hospitals, currently under development, with 387,500 square feet and 183 beds, is located in Spain. One of our general acute care hospitals, with 69,965 square feet and 28 beds, is located in the United Kingdom. Eight of our general acute care hospitals, with 822,000 square feet and 807 beds, are located in Italy. One of our general acute care hospitals, with 135,216 square feet and 160 beds, is located in Germany.
- (B) 45 of our rehabilitation facilities, with 6.5 million square feet and 9,361 beds, are located in Germany.
- (C) Excludes our nine facilities that are under development.

The following table shows lease and mortgage loan expirations, for the next 10 years and thereafter (excludes properties under development), assuming that none of the tenants/borrowers exercise any of their renewal options (dollars in thousands):

Total Lease and Mortgage Loan Portfolio(2)	Total Leases/Mortgage Loans	Base Rent/ Interest(1)	% of Total Base Rent/Interest	Total Square Footage	Total Licensed Beds
2016	1	\$ 2,250	0.5%	95,445	126
2017	—	—	0.0%	—	—
2018	1	1,989	0.5%	66,459	62
2019	2	4,994	1.2%	307,706	136
2020	5	9,185	2.1%	1,200,306	590
2021	2	10,609	2.5%	327,234	212
2022	15	72,123	16.9%	3,543,907	2,591
2023	4	12,380	2.9%	912,652	851
2024	2	4,768	1.1%	235,627	264
2025	8	20,375	4.8%	1,337,203	969
Thereafter	144	287,843	67.5%	14,762,129	14,086
Total	<u>184</u>	<u>\$426,516</u>	<u>100.0%</u>	<u>22,788,668</u>	<u>19,887</u>

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

ITEM 3. Legal Proceedings

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

ITEM 4. Mine Safety Disclosures

None.

PART II

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

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

	<u>High</u>	<u>Low</u>	<u>Dividends</u>
Year ended December 31, 2015			
First Quarter	\$15.62	\$13.81	\$ 0.22
Second Quarter	15.42	13.04	0.22
Third Quarter	13.98	10.79	0.22
Fourth Quarter	12.21	10.59	0.22
Year ended December 31, 2014			
First Quarter	\$13.66	\$12.09	\$ 0.21
Second Quarter	13.97	12.65	0.21
Third Quarter	14.14	12.18	0.21
Fourth Quarter	14.22	12.23	0.21

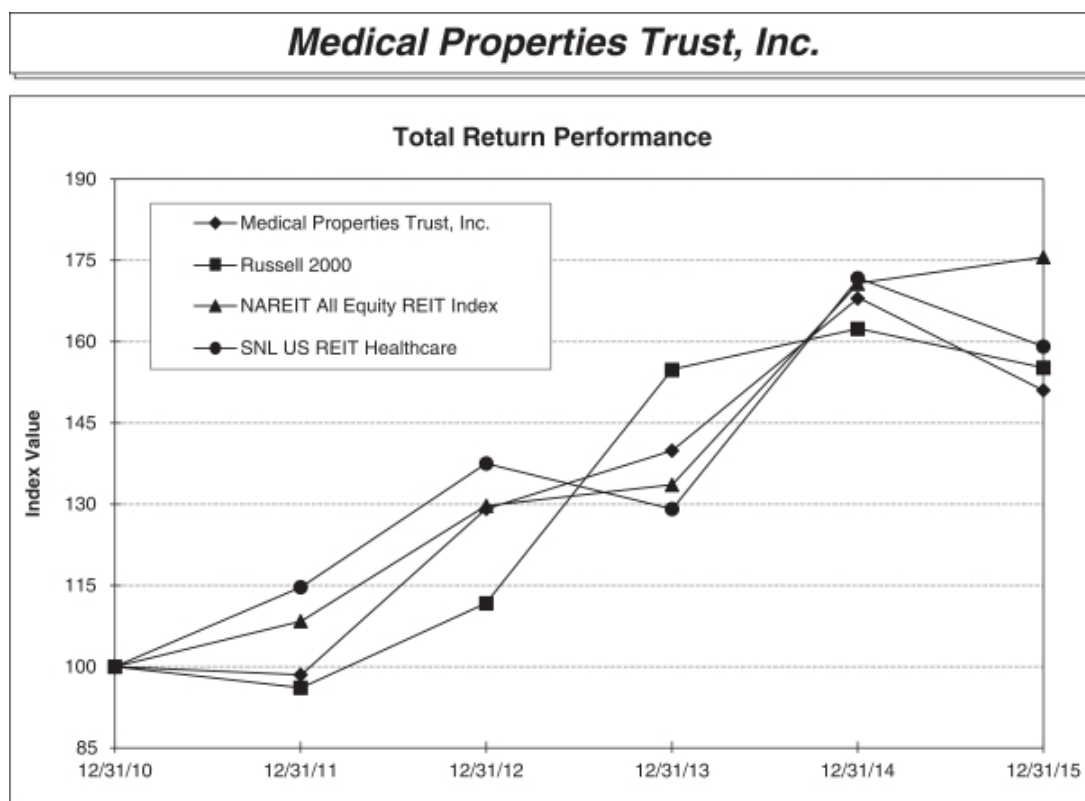
On February 26, 2016, the closing price for our common stock, as reported on the New York Stock Exchange, was \$11.57 per share. As of February 26, 2016, there were 68 holders of record of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.

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

(b) Not applicable.

(c) None.

The following graph provides comparison of cumulative total stockholder return for the period from December 31, 2010 through December 31, 2015, among Medical Properties Trust, Inc., the Russell 2000 Index, NAREIT Equity REIT Index, and SNL US REIT Healthcare Index. The stock performance graph assumes an investment of \$100 in each of Medical Properties Trust, Inc. and the three indices, and the reinvestment of dividends. The historical information below is not indicative of future performance.



Index	Period Ending					
	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15
Medical Properties Trust, Inc.	100.00	98.32	128.99	139.81	167.97	150.70
Russell 2000	100.00	95.82	111.49	154.78	162.35	155.18
NAREIT All Equity REIT Index	100.00	108.28	129.62	133.32	170.68	175.51
SNL US REIT Healthcare	100.00	114.49	137.46	128.83	171.57	159.09

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

ITEM 6. Selected Financial Data

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

Medical Properties Trust, Inc.

The consolidated balance sheet and operating data have been derived from our audited consolidated financial statements. As of December 31, 2015, Medical Properties Trust, Inc. had a 99.8% equity ownership interest in the Operating Partnership. Medical Properties Trust, Inc. has no significant operations other than as the sole member of its wholly owned subsidiary, Medical Properties Trust, LLC, which is the sole general partner of the Operating Partnership, and no material assets, other than its direct and indirect investment in the Operating Partnership.

	<u>2015(1)</u>	<u>2014(1)</u>	<u>2013(1)</u>	<u>2012(1)</u>	<u>2011(1)</u>
	(In thousands except per share data)				
OPERATING DATA					
Total revenue	\$ 441,878	\$ 312,532	\$ 242,523	\$ 198,125	\$ 132,322
Real estate depreciation and amortization (expense)	(69,867)	(53,938)	(36,978)	(32,815)	(30,147)
Property-related and general and administrative (expenses)	(47,431)	(39,125)	(32,513)	(30,039)	(27,815)
Acquisition expenses(2)	(61,342)	(26,389)	(19,494)	(5,420)	(4,184)
Impairment (charge)	—	(50,128)	—	—	—
Interest and other income	3,444	8,040	3,235	1,281	96
Debt refinancing/unutilized financing (expense)	(4,368)	(1,698)	—	—	(14,214)
Interest (expense)	(120,884)	(98,156)	(66,746)	(58,243)	(43,810)
Income tax (expense)	(1,503)	(340)	(726)	(19)	(128)
Income from continuing operations	139,927	50,798	89,301	72,870	12,120
Income (loss) from discontinued operations	—	(2)	7,914	17,207	14,594
Net income	139,927	50,796	97,215	90,077	26,714
Net income attributable to non-controlling interests	(329)	(274)	(224)	(177)	(178)
Net income attributable to MPT common stockholders	<u>\$ 139,598</u>	<u>\$ 50,522</u>	<u>\$ 96,991</u>	<u>\$ 89,900</u>	<u>\$ 26,536</u>
Income from continuing operations attributable to MPT common stockholders per diluted share	\$ 0.63	\$ 0.29	\$ 0.58	\$ 0.54	\$ 0.10
Income from discontinued operations attributable to MPT common stockholders per diluted share	—	—	0.05	0.13	0.13
Net income attributable to MPT common stockholders per diluted share	<u>\$ 0.63</u>	<u>\$ 0.29</u>	<u>\$ 0.63</u>	<u>\$ 0.67</u>	<u>\$ 0.23</u>
Weighted average number of common shares — diluted	218,304	170,540	152,598	132,333	110,629
OTHER DATA					
Dividends declared per common share	\$ 0.88	\$ 0.84	\$ 0.81	\$ 0.80	\$ 0.80

	December 31,				
	2015(1)	2014(1)	2013(1)	2012(1)	2011(1)
	(In thousands)				
BALANCE SHEET DATA					
Real estate assets — at cost	\$3,924,701	\$2,612,291	\$2,296,479	\$1,591,189	\$1,261,644
Real estate accumulated depreciation/amortization	(257,928)	(202,627)	(159,776)	(122,796)	(89,982)
Mortgage and other loans	1,422,403	970,761	549,746	527,893	239,839
Cash and equivalents	195,541	144,541	45,979	37,311	102,726
Other assets	324,634	195,364	147,915	128,393	94,462
Total assets	<u>\$5,609,351</u>	<u>\$3,720,330</u>	<u>\$2,880,343</u>	<u>\$2,161,990</u>	<u>\$1,608,689</u>
Debt, net	\$3,322,541	\$2,174,648	\$1,397,329	\$1,008,264	\$ 676,664
Other liabilities	179,545	163,635	138,806	103,912	103,210
Total Medical Properties Trust, Inc. Stockholders' Equity	2,102,268	1,382,047	1,344,208	1,049,814	828,815
Non-controlling interests	4,997	—	—	—	—
Total equity	<u>2,107,265</u>	<u>1,382,047</u>	<u>1,344,208</u>	<u>1,049,814</u>	<u>828,815</u>
Total liabilities and equity	<u>\$5,609,351</u>	<u>\$3,720,330</u>	<u>\$2,880,343</u>	<u>\$2,161,990</u>	<u>\$1,608,689</u>

- (1) Cash paid for acquisitions and other related investments totaled \$1.8 billion, \$767.7 million, \$654.9 million, \$621.5 million, and \$279.0 million in 2015, 2014, 2013, 2012, and 2011, respectively. The results of operations resulting from these investments are reflected in our consolidated financial statements from the dates invested. See Note 3 in Item 8 of this Annual Report on Form 10-K for further information on acquisitions of real estate, new loans, and other investments. We funded these investments generally from issuing common stock, utilizing additional amounts of our revolving facility, incurring additional debt, or from the sale of facilities. See Notes 4, 9, and 11, in Item 8 on this Annual Report on Form 10-K for further information regarding our debt, common stock and discontinued operations, respectively.
- (2) Includes \$37.0 million, \$5.8 million and \$12.0 million in transfer taxes in 2015, 2014 and 2013, respectively, related to our property acquisitions in foreign jurisdictions.

MPT Operating Partnership, L.P.

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

	2015(3)	2014(3)	2013(3)	2012(3)	2011(3)
	(In thousands except per unit data)				
OPERATING DATA					
Total revenue	\$ 441,878	\$ 312,532	\$ 242,523	\$ 198,125	\$ 132,322
Real estate depreciation and amortization (expense)	(69,867)	(53,938)	(36,978)	(32,815)	(30,147)
Property-related and general and administrative (expenses)	(47,431)	(39,125)	(32,513)	(30,039)	(27,798)
Acquisition expenses(4)	(61,342)	(26,389)	(19,494)	(5,420)	(4,184)
Impairment (charge)	—	(50,128)	—	—	—
Interest and other income	3,444	8,040	3,235	1,281	96
Debt refinancing/unutilized financing (expense)	(4,368)	(1,698)	—	—	(14,214)
Interest (expense)	(120,884)	(98,156)	(66,746)	(58,243)	(43,810)
Income tax (expense)	(1,503)	(340)	(726)	(19)	(128)
Income from continuing operations	139,927	50,798	89,301	72,870	12,137
Income (loss) from discontinued operations	—	(2)	7,914	17,207	14,594
Net income	139,927	50,796	97,215	90,077	26,731
Net income attributable to non-controlling interests	(329)	(274)	(224)	(177)	(178)
Net income attributable to MPT Operating Partnership, L.P. partners	<u>\$ 139,598</u>	<u>\$ 50,522</u>	<u>\$ 96,991</u>	<u>\$ 89,900</u>	<u>\$ 26,553</u>
Income from continuing operations attributable to MPT Operating Partnership, L.P. partners per diluted unit	\$ 0.63	\$ 0.29	\$ 0.58	\$ 0.54	\$ 0.10
Income from discontinued operations attributable to MPT Operating Partnership, L.P. partners per diluted unit	—	—	0.05	0.13	0.13
Net income, attributable to MPT Operating Partnership, L.P. partners per diluted unit	<u>\$ 0.63</u>	<u>\$ 0.29</u>	<u>\$ 0.63</u>	<u>\$ 0.67</u>	<u>\$ 0.23</u>
Weighted average number of units — diluted	218,304	170,540	152,598	132,333	110,629
OTHER DATA					
Dividends declared per unit	\$ 0.88	\$ 0.84	\$ 0.81	\$ 0.80	\$ 0.80

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	2015(3)	2014(3)	December 31, 2013(3)	2012(3)	2011(3)
	(In thousands)				
BALANCE SHEET DATA					
Real estate assets — at cost	\$3,924,701	\$2,612,291	\$2,296,479	\$1,591,189	\$1,261,644
Real estate accumulated depreciation/amortization	(257,928)	(202,627)	(159,776)	(122,796)	(89,982)
Other loans and investments	1,422,403	970,761	549,746	527,893	239,839
Cash and equivalents	195,541	144,541	45,979	37,311	102,726
Other assets	324,634	195,364	147,915	128,393	94,462
Total assets	<u>\$5,609,351</u>	<u>\$3,720,330</u>	<u>\$2,880,343</u>	<u>\$2,161,990</u>	<u>\$1,608,689</u>
Debt, net	\$3,322,541	\$2,174,648	\$1,397,329	\$1,008,264	\$ 676,664
Other liabilities	179,154	163,245	138,416	103,522	102,820
Total MPT Operating Partnership, L.P. capital	2,102,659	1,382,437	1,344,598	1,050,204	829,205
Non-controlling interests	4,997	—	—	—	—
Total capital	<u>2,107,656</u>	<u>1,382,437</u>	<u>1,344,598</u>	<u>1,050,204</u>	<u>829,205</u>
Total liabilities and capital	<u>\$5,609,351</u>	<u>\$3,720,330</u>	<u>\$2,880,343</u>	<u>\$2,161,990</u>	<u>\$1,608,689</u>

- (3) Cash paid for acquisitions and other related investments totaled \$1.8 billion, \$767.7 million, \$654.9 million, \$621.5 million, and \$279.0 million in 2015, 2014, 2013, 2012, and 2011, respectively. The results of operations resulting from these investments are reflected in our consolidated financial statements from the dates invested. See Note 3 in Item 8 of this Annual Report on Form 10-K for further information on acquisitions of real estate, new loans, and other investments. We funded these investments generally from issuing units, utilizing additional amounts of our revolving facility, incurring additional debt, or from the sale of facilities. See Notes 4, 9, and 11, in Item 8 on this Annual Report on Form 10-K for further information regarding our debt, partners' capital and discontinued operations, respectively.
- (4) Includes \$37.0 million, \$5.8 million and \$12.0 million in transfer taxes in 2015, 2014 and 2013, respectively, related to our property acquisitions in foreign jurisdictions.

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

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

Overview

We were incorporated in Maryland on August 27, 2003, primarily for the purpose of investing in and owning net-leased healthcare facilities. We also make real estate mortgage loans and other loans to our tenants. We conduct our business operations in one segment. We have healthcare investments in the United States and Europe. We have operated as a REIT since April 6, 2004, and accordingly, elected REIT status upon the filing of our calendar year 2004 United States federal income tax return. Our existing tenants are, and our prospective tenants will generally be, healthcare operating companies and other healthcare providers that use substantial real estate assets in their operations. We offer financing for these operators' real estate through 100% lease and mortgage financing and generally seek lease and loan terms on a long-term basis ranging from 10 to 15 years with a series of shorter renewal terms at the option of our tenants and borrowers. We also have included and intend to include in our lease and loan agreements annual contractual minimum rate increases. Our existing portfolio's minimum escalators range from 0.5% to 5%, while a limited number of our properties do not have an escalator. Most of our leases and loans also include rate increases based on the general rate of inflation if greater than the minimum contractual increases. In addition to rent or mortgage interest, our leases and loans typically require our tenants to pay all operating costs and expenses associated with the facility. Some leases also may require our tenants to pay percentage rents, which are based on the tenant's revenues from their operations. Finally, we may acquire a profits or other equity interest in our tenants that gives us a right to share in the tenant's income or loss.

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

At December 31, 2015, our portfolio consisted of 202 properties leased or loaned to 28 operators, of which nine are under development and 14 are in the form of mortgage loans.

2015 Highlights

In 2015, we invested or committed to invest approximately \$1.8 billion in healthcare real estate assets. These significant investments greatly strengthened our portfolio through geographic, tenant and property type diversification. We expanded total assets by 51%, increased revenues by 41%, and lowered our general and administrative expense as a percentage of revenue to less than 10%.

A summary of our 2015 highlights is as follows:

- Acquired real estate assets, entered into development agreements, entered into leases and made new loan investments, totaling more than \$1.7 billion as noted below:
 - Acquired Capella's hospital portfolio including seven acute care hospitals throughout the U.S. and obtained a stake in their operations for a combined total of approximately \$900 million. Also, acquired an eighth Capella facility (Kershaw) for \$35 million later in the year.
 - Completed the sale-leaseback transaction of 31 MEDIAN facilities in Germany for an aggregate purchase price of €646 million;

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- Initiated long term relationship with AXA Real Estate Investment Managers to co-invest with AXA-advised accounts for the acquisition of acute care hospitals in Spain and Italy via a joint venture arrangement;
- Executed a \$19 million agreement to develop an inpatient rehabilitation hospital in Toledo, Ohio, acquired an inpatient rehabilitation facility and a long-term acute care hospital in Lubbock, Texas for an aggregate purchase price of \$31.5 million, and acquired an inpatient rehabilitation hospital in Weslaco, Texas for \$10.7 million all leased to Ernest;
- Completed \$30 million mortgage financing to Prime for a general acute care hospital in Port Huron, Michigan and subsequently purchased the real estate for \$20 million, which reduced the mortgage loan accordingly;
- Provided \$100 million mortgage financing to Prime for three general acute care hospitals and one free-standing emergency department in New Jersey and acquired two general acute care hospitals in the Kansas City area for \$110 million;
- Acquired a 266-bed outpatient rehabilitation clinic located in Hannover, Germany from RHM for €18.7 million;
- Executed an additional \$250 million agreement with Adeptus Health for the development of acute care hospitals and free-standing emergency departments (completed four of these facilities in 2015); and
- Completed construction and began recording rental income on 17 acute care facilities in Texas, Arizona, and Colorado with First Choice ER (a subsidiary of Adeptus Health) totaling approximately \$102.6 million and an acute care facility and a medical office building in Birmingham, Alabama with UAB Medical West totaling \$8.6 million.

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

- Individual property diversification — On an individual property basis, we had no investment of any single property greater than 2% of our total assets as of December 31, 2015, down from 3.1% as of December 31, 2014; and
 - Geographic diversification — Investments located in California represented 9.8% of our total assets at December 31, 2015, down from 14.7% in the prior year. Investments located in Texas represented 16.4% of our total assets at December 31, 2015, down from 20.9% in the prior year. In addition, we further expanded our portfolio into Europe with the additional investments in Spain and Italy (as fully described in Note 3 in Item 8 of this Annual Report on Form 10-K).
- Sold the real estate of a long-term acute care facility in Luling, Texas, and real estate of six wellness centers in the United States for a net gain; and
 - Increased our senior Credit Facility to \$1.95 billion comprised of a \$1.3 billion senior unsecured revolving credit facility and a \$250 million senior unsecured term loan facility along with a \$400 million accordion feature, issued €500 million of unsecured notes, and raised \$817 million in equity to fund the acquisition activity mentioned above.

2014 Highlights

In 2014, we invested or committed to invest approximately \$1.4 billion in healthcare real estate assets. These significant investments greatly strengthened our portfolio through geographic, tenant and property type diversification.

A summary of our 2014 highlights is as follows:

- Acquired real estate assets, entered into development agreements, entered into leases and made new loan investments, totaling more than \$1.4 billion as noted below:
 - Completed Step 1 of the two step acquisition of 32 MEDIAN facilities for €688 million by loaning €425 million to Waterland and MEDIAN;
 - Completed the acquisition of three RHM Klinik rehabilitation facilities located in Germany for a transaction valued at approximately €64 million incurring approximately €3 million of transfer and other taxes that have been expensed as acquisition costs;
 - Acquired an acute care hospital in Fairmont, West Virginia for an aggregate purchase price of \$15 million from Alecto Healthcare Services (“Alecto”), made a \$5 million working capital loan to the tenant and a commitment to fund up to \$5 million in capital improvements;
 - Acquired an acute care hospital in Sherman, Texas for an aggregate purchase price of \$32.5 million from Alecto and funded a \$7.5 million working capital loan to the tenant;
 - Entered the United Kingdom healthcare market by acquiring an acute care hospital in Peasedown St. John, United Kingdom from Circle Health Ltd., through its subsidiary Circle Hospital (Bath) Ltd. valued at approximately £28.3 million incurring approximately £1.1 million of transfer and other taxes that have been expensed as acquisition costs;
 - Acquired a general acute care hospital and an adjacent parcel of land for an aggregate purchase price of \$115 million from a joint venture of LHP Hospital Group, Inc. and Hackensack University Medical Center Mountainside;
 - Executed an additional \$150 million agreement with Adeptus Health for the development of acute care hospitals and free-standing emergency departments; and
 - Completed construction and began recording rental income on the following facilities:
 - Northern Utah Rehabilitation Hospital — \$19 million inpatient rehabilitation facility located in South Ogden, Utah;
 - Oakleaf Surgical Hospital — \$30.5 million acute care facility located in Altoona, Wisconsin; and
 - First Choice ER — Completed 17 acute care facilities totaling approximately \$80.3 million.
- Sold the real estate of La Palma Community Hospital to Prime recognizing a gain on sale of \$2.9 million;
- Sold the real estate of our Bucks facility pursuant to a purchase option, resulting in a \$3.1 million impairment charge;
- Restructured our investment in Monroe Hospital by entering into a lease with an affiliate of Prime which had acquired the operations of the facility;
- Completed a new \$1.15 billion senior unsecured credit facility comprised of a \$1.025 billion senior unsecured revolving credit facility and a \$125 million senior unsecured term loan facility, issued \$300 million of unsecured notes, and raised \$138 million in equity to fund the acquisition activity mentioned above; and
- Received investment grade rating on our unsecured debt of BBB- and a corporate credit rating upgrade from Standard & Poor’s Ratings Services to BB+.

2013 Highlights

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

A summary of the 2013 highlights is as follows:

- Acquired real estate assets, entered into development agreements, entered into leases and made new loan investments, totaling more than \$700 million as noted below:
 - Completed the €184 million acquisition of 11 German facilities in a sale/leaseback transaction with RHM. This acquisition expanded both our geographic and tenant diversity;
 - Completed the \$281.3 million acquisition of the real estate of three general acute care hospitals from affiliates of IASIS Healthcare LLC (“IASIS”) via a sale/leaseback transaction;
 - Acquired the real estate of Esplanade Rehab Hospital in Corpus Christi, Texas (now operating as Corpus Christi Rehabilitation Hospital) for \$15.8 million, which is leased to Ernest under the 2012 master lease;
 - Acquired the real estate of two acute care hospitals in Kansas from affiliates of Prime for a combined purchase price of \$75 million. These properties are leased to Prime pursuant to the master lease agreements;
 - Commenced construction of several facilities pursuant to a \$100 million master funding and development agreement with First Choice ER to develop up to 25 free standing emergency rooms;
 - Financed the development of inpatient rehabilitation facilities in South Ogden, Utah and Post Falls, Idaho for a total of \$33.5 million, which is leased to Ernest under the 2012 master lease; and
 - Provided a \$20 million mortgage financing to Alecto for the 204-bed Olympia Medical Center.
- Sold the real estate of an inpatient rehabilitation facility, Warm Springs Rehabilitation Hospital of San Antonio, for \$14 million, resulting in a gain on sale of \$5.6 million;
- Sold two long-term acute care hospitals in Texas and Arizona, CHG Cornerstone Hospital of Houston, L.P. and Cornerstone Hospital of Southeast Arizona, for total cash proceeds of \$18.5 million, resulting in a \$2.1 million gain on the sale; and
- Issued \$150 million of unsecured notes (as a tack on to the 2012 unsecured senior notes), completed a €200 million euro-denominated long-term fixed rate debt transaction at an annual coupon of 5.75%, and raised \$313 million in equity to fund our acquisition activity above.

Critical Accounting Policies

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

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

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

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

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

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

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

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

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

Investments in Real Estate: We maintain our investments in real estate at cost, and we capitalize improvements and replacements when they extend the useful life or improve the efficiency of the asset. While our tenants are generally responsible for all operating costs at a facility, to the extent that we incur costs of repairs and maintenance, we expense those costs as incurred. We compute depreciation using the straight-line method over the weighted-average useful life of approximately 39 years for buildings and improvements.

When circumstances indicate a possible impairment of the value of our real estate investments, we review the recoverability of the facility's carrying value. The review of the recoverability is generally based on our estimate of the future undiscounted cash flows, excluding interest charges, from the facility's use and eventual disposition. Our forecast of these cash flows considers factors such as expected future operating income, market and other applicable trends, and residual value, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a facility on an undiscounted basis, such as was the case with our Monroe and Bucks facilities in 2014, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the facility. We do not believe that the value of any of our facilities was impaired at December 31, 2015; however, given the highly specialized aspects of our properties no assurance can be given that future impairment charges will not be taken.

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

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

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

Other intangible assets acquired may include customer relationship intangible values, which are based on management's evaluation of the specific characteristics of each prospective tenant's lease and our overall relationship with that tenant. Characteristics to be considered by management in allocating these values include the nature and extent of our existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality, and expectations of lease renewals, including those existing under the terms of the lease agreement, among other factors. At December 31, 2015, we have assigned no value to customer relationship intangibles.

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We amortize the value of lease intangibles to expense over the term of the respective leases, which have a weighted average useful life of 25.6 years at December 31, 2015. If a lease is terminated, the unamortized portion of the lease intangible is charged to expense — as was the case with our Twelve Oaks facility in 2015.

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

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

In regards to our Florence and Twelve Oaks facilities, we analyzed whether or not a provision of loss was needed at December 31, 2015 based on the outstanding receivables due to us. However, after reviewing the tenant's business, all available credit enhancements (such as letters of credit) and subsequent cash receipts, we believe no such provision was needed at this time. However, no assurances can be given that future provisions of losses will not be taken.

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

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

Stock-Based Compensation: During the years ended December 31, 2015, 2014, and 2013 we recorded \$11.1 million, \$9.2 million, and \$8.8 million, respectively, of expense for share-based compensation related to grants of restricted common stock and other stock-based awards. Starting in 2010, we granted annual performance-based restricted share awards that vest based on the achievement of certain market conditions as defined by the accounting rules. Typical market conditions for our awards are based on our total shareholder return (factoring in stock price appreciation and dividends paid) including comparisons of our total shareholder returns to an index of other REIT stocks. Because these awards are earned based on the achievement of these

market conditions, we must initially evaluate and estimate the probability of achieving these market conditions in order to determine the fair value of the award and over what period we should recognize stock compensation expense. Because of the complexities inherently involved with these awards, we work with an independent consultant to assist us in modeling both the value of the award and the various periods over which each tranche of an award will be earned. We use what is termed a Monte Carlo simulation model which determines a value and earnings periods based on multiple outcomes and their probabilities. We record expense over the expected or derived vesting periods using the calculated value of the awards. We record expense over these vesting periods even though the awards have not yet been earned and, in fact, may never be earned — such as was the case with our 2013 performance awards in which 550,000 shares were forfeited because the related market conditions were not achieved for the period of January 1, 2013 through December 31, 2015. If awards vest faster than our original estimate, we will record a catch-up of expense, which we did in the 2014, 2013 and 2012 fourth quarters due to our 2012, 2011, and 2010 stock awards being earned earlier than expected.

Fair Value Option Election: Our investment in Capella in 2015 (including the acquisition loan and equity investment in the operator) was structured similarly to our 2012 investment in Ernest. Due to this, we elected to account for certain investments in Capella like we did for Ernest, using the fair value option method. This means we mark these investments to fair market value on a recurring basis. Any changes in the fair value of these investments are non-cash adjustments that will not impact our financial condition or cash flows unless we decided to liquidate these investments.

These investments include the following at December 31, 2015: (in thousands):

<u>Asset (Liability)</u>	<u>Total Fair Value</u>
Mortgage loan	\$310,000
Acquisition loans	603,552
Equity investment	7,349
Total	<u>\$920,901</u>

We measure the estimated fair value of most of these investments utilizing Level 2 and 3 of the fair value hierarchy. Under current accounting guidance, Level 3 represents fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Our mortgage loans with Ernest and Capella are recorded at fair value based on Level 2 inputs by discounting the estimated cash flows using the market rates which similar loans would be made to borrowers with similar credit ratings and the same remaining maturities. Our acquisition loans and equity investments in Ernest and Capella are recorded at fair value based on Level 3 inputs, by using a discounted cash flow model, which requires significant estimates of our investee such as projected revenue and expenses and appropriate consideration of the underlying risk profile of the forecast assumptions associated with the investee. We classify these loans and equity investments as Level 3, as we use certain unobservable inputs to the valuation methodology that are significant to the fair value measurement, and the valuation requires management judgment due to the absence of quoted market prices. For these cash flow models, our observable inputs include use of a capitalization rate, discount rate (which is based on a weighted-average cost of capital), and market interest rates, and our unobservable input includes an adjustment for a marketability discount (“DLOM”) on our equity investment of 40% at December 31, 2015.

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

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

<u>Basis Point Change in Marketability Discount</u>	<u>Estimated Increase (Decrease) In Fair Value</u>
+100 basis points	\$(122)
- 100 basis points	122

Because the fair value of Ernest investments and Capella investments noted above approximate their original cost, we did not recognize any unrealized gains/losses during 2015.

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

We continually evaluate all of our transactions and investments to determine if they represent variable interests in a variable interest entity. If we determine that we have a variable interest in a variable interest entity, we then evaluate if we are the primary beneficiary of the variable interest entity. The evaluation is a qualitative assessment as to whether we have the ability to direct the activities of a variable interest entity that most significantly impact the entity's economic performance. We consolidate each variable interest entity in which we, by virtue of or transactions with our investments in the entity, are considered to be the primary beneficiary. At December 31, 2015 and 2014, we determined that we were not the primary beneficiary of any of our variable interest entities because we do not control the activities (such as the day-to-day operations of the hospital) that most significantly impact the economic performance of these entities.

Disclosure of Contractual Obligations

The following table summarizes known material contractual obligations (including interest) as of December 31, 2015, excluding the impact of subsequent events (amounts in thousands):

<u>Contractual Obligations</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>After 5 Years</u>	<u>Total</u>
2006 Senior Unsecured Notes(1)	\$131,147	\$ —	\$ —	\$ —	\$ 131,147
2011, 2012, and 2014 Senior Unsecured Notes	69,750	139,500	139,500	1,195,531	1,544,281
2013 and 2015 Senior Unsecured Notes(5)	34,215	68,431	285,671	586,548	974,865
Revolving credit facility(2)	23,742	1,134,954	—	—	1,158,696
Term loans	6,421	11,679	252,456	—	270,556
Operating lease commitments(3)	5,119	10,282	9,699	140,049	165,149
Purchase obligations(4)	210,030	128,584	—	—	338,614
Totals	<u>\$480,424</u>	<u>\$1,493,430</u>	<u>\$687,326</u>	<u>\$1,922,128</u>	<u>\$4,583,308</u>

- (1) The interest rates on these notes are currently variable rates, but we entered into interest rate swaps to fix these interest rates until maturity. For \$65 million of our \$125 million senior notes, the rate is 5.507% and for \$60 million of our \$125 million senior notes the rate is 5.675%. See Note 4 of Item 8 to this Form 10-K for more information.

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- (2) As of December 31, 2015, we have a \$1.3 billion revolving credit facility. However, this table assumes the balance outstanding under the revolver and rate in effect at December 31, 2015 (which was \$1.1 billion as of December 31, 2015) 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 approximately \$171.1 million of future expenditures related to development projects.
- (5) Our 2013 and 2015 Senior Unsecured Notes are Euro-denominated. We used the exchange rate at December 31, 2015, (or 1.09) in preparing this table.

Off Balance Sheet Arrangements

We own interests in certain unconsolidated joint ventures as described under Note 3 to Item 8 of this Annual Report on Form 10-K. Except in limited circumstances, our risk of loss is limited to our investment in the joint venture and any outstanding receivables. We have no other material off-balance sheet arrangements that we expect would materially affect our liquidity and capital resources except those described above under “Disclosure of Contractual Obligations”.

Liquidity and Capital Resources

2015 Cash Flow Activity

We generated cash of \$207.0 million from operating activities during 2015, primarily consisting of rent and interest from mortgage and other loans. We used these operating cash flows along with cash on-hand to fund our dividends of \$183.0 million and certain investing activities including the additional funding of our development activities.

In regards to other financing activities in which we used such net proceeds to ultimately fund our approximate \$2 billion of acquisitions in 2015 and the remainder of our development activities, we did the following:

- a) On August 19, 2015, we completed a public offering of €500 million aggregate principal amount of 4.00% senior unsecured notes. In addition, on September 30, 2015, we entered into an amendment to our existing amended and restated revolving credit and term loan agreement, dated as of June 19, 2014. The amendment, among other things, increased our revolver availability to \$1.3 billion and increased borrowings under our term loan by \$125 million.
- b) On August 11, 2015, we completed an underwritten public offering of 28.75 million shares (including the exercise of the underwriters’ 30-day option to purchase an additional 3.8 million shares) of our common stock, resulting in net proceeds of approximately \$337 million, after deducting estimated offering expenses.

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

2014 Cash Flow Activity

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

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

- a) On March 11, 2014, we completed an underwritten public offering of 7.7 million shares of our common stock, resulting in net proceeds of approximately \$100 million, after deducting estimated offering expenses. We also granted the underwriters a 30-day option to purchase up to an additional 1.2 million shares of common stock. The option, which was exercised in full, closed on April 8, 2014 and resulted in additional net proceeds of approximately \$16 million.
- b) On April 17, 2014, we completed a \$300 million senior unsecured notes offering.
- c) On October 17, 2014, we entered into an amendment to our revolving credit and term loan agreement to increase the current aggregate committed size of the facility to \$1.15 billion with an additional \$400 million accordion available increasing the total aggregate capacity to \$1.55 billion. The amendment also increased the alternative currency sublimit under the facility to €500 million and amended certain covenants in order to permit us to consummate and finance the MEDIAN transaction.
- d) We established an at-the-market equity offering program in January 2014 under which we may sell up to \$250 million in shares. In 2014, we sold 1.7 million shares resulting in net proceeds of \$22.6 million.

2013 Cash Flow Activity

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

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

Debt Restrictions and Covenants

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

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

In addition to these restrictions, the Credit Facility contains customary financial and operating covenants, including covenants relating to our total leverage ratio, fixed charge coverage ratio, secured leverage ratio, unsecured leverage ratio, consolidated adjusted net worth, and unsecured interest coverage ratio. This facility also contains customary events of default, including among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with our covenants. If an event of default occurs and is continuing under the facility, the entire outstanding balance may become immediately due and payable. At December 31, 2015, we were in compliance with all such financial and operating covenants.

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

Short-term Liquidity Requirements:

On February 22, 2016, we completed a \$500 million senior unsecured notes offering, proceeds of which were used to repay borrowings under our revolving credit facility. At February 26, 2016, our availability under our revolving credit facility plus cash on-hand approximated \$900 million. In addition, we established an at-the-market equity offering program in January 2014 under which we may sell up to \$250 million in shares (of which \$22.6 million has been sold through February 26, 2016). Proceeds from our at-the-market equity program may be used for general corporate purposes as needed.

We have approximately \$125 million in debt principal payments coming due in 2016 (see debt maturity schedule below) and \$210 million in expected funding of commitments for ongoing development projects and for the acquisition of the final MEDIAN property in 2016. We believe our current availability under our revolving credit facility plus cash on-hand, our monthly cash receipts from rent and loan interest, and the availability under our at-the-market equity offering program is sufficient to fund our operations, debt and interest obligations, our firm commitments, and dividends in order to comply with our REIT requirements for the next twelve months.

As noted above, our debt facilities are subject to certain financial and non-financial covenants. In particular, our Credit Facility currently requires us to maintain a total leverage ratio of 70% and an unsecured leverage ratio of 77.5%, which we are in compliance with at December 31, 2015. In June 2016, the total leverage ratio will reset to 60%, and in September 2016, the unsecured leverage ratio will reset to 65%. We expect to comply with these reset leverage requirements by reducing debt through asset sales, retention of cash generated from our monthly rent and interest receipts, and other access to capital through joint ventures, our at-the-market equity offering program and equity offerings. We may also seek to extend the covenant reset dates; however, no assurances can be made that such extensions will be approved by our lenders. If an event of default occurs and is continuing under the Credit Facility, the entire outstanding balance may become immediately due and payable which could have a material adverse impact to the Company.

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Long-term Liquidity Requirements:

Exclusive of the revolving credit facility (which we can extend for an additional year to June 2019), we have less than \$150 million in debt principal payments due between now and June 2019 (see debt maturity schedule below). In addition, we have \$339 million in commitments for ongoing development projects and for the acquisition of the final MEDIAN property. With our availability under our revolving credit facility plus cash on-hand of approximately \$900 million along with monthly cash receipts from rent and loan interest, and the availability under our at-the-market equity offering program, we believe we have the liquidity available to fund our operations, debt and interest obligations, firm commitments, and dividends in order to comply with our REIT requirements currently.

However, access to capital is an integral part of our business plan. In order to fund debt maturities coming due in 2019 and later years, to comply with Credit Facility covenants noted above under “Short-term Liquidity Requirements”, or as we consider strategic investment opportunities, we believe additional capital will be needed and we may access one or a combination of the following:

- proceeds from strategic property or other asset sales,
- amending our current Credit Facility,
- entering into new bank term loans,
- issuing new U.S. dollar or Euro denominated debt securities, including senior unsecured notes,
- entering into joint venture arrangements, and/or
- sale of equity securities.

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

As of December 31, 2015, principal payments due on our debt (which exclude the effects of any discounts, premiums, or debt issue costs recorded) are as follows (in thousands):

2016	\$ 125,299
2017	320
2018	1,112,781
2019	250,000
2020	217,240
Thereafter	1,643,100
Total	<u>\$ 3,348,740</u>

Results of Operations

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

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Net income for the year ended December 31, 2015, was \$139.6 million compared to net income of \$50.5 million for the year ended December 31, 2014. This increase is primarily due to additional income generated

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from our 2015 acquisitions and from completed development projects. In addition, we incurred \$50.1 million of impairment charges in 2014 — see note 3 to Item 8 of this Form 10-K for further details. FFO, after adjusting for certain items (as more fully described in Reconciliation of Non-GAAP Financial Measures), was \$274.8 million, or \$1.26 per diluted share for 2015 as compared to \$181.7 million, or \$1.06 per diluted share for 2014, a 19% increase on a per share basis. This increase in FFO is primarily due to the increase in revenue from acquisitions and the completion of development projects during 2015.

A comparison of revenues for the years ended December 31, 2015 and 2014 is as follows (dollar amounts in thousands):

	2015		2014		Change
	(Dollar amounts in thousands)				
Rent billed	\$247,604	56.0%	\$187,018	59.9%	\$ 60,586
Straight-line rent	23,375	5.3%	13,507	4.3%	9,868
Income from direct financing leases	58,715	13.3%	49,155	15.7%	9,560
Interest and fee income	112,184	25.4%	62,852	20.1%	49,332
Total revenue	<u>\$441,878</u>	<u>100.0%</u>	<u>\$312,532</u>	<u>100.0%</u>	<u>\$129,346</u>

Our total revenue for 2015 is up \$129.3 million or 41.4% over the prior year. This increase is made up of the following:

- Rent billed — up \$60.6 million over the prior year of which \$8.6 million is from our annual escalation provisions in our leases, \$47.0 million is from incremental revenue from acquisitions made in 2015, and \$11.9 million is incremental revenue from development properties that were completed and put into service in 2015. Approximately \$3.7 million of base rents were recorded in 2014 related to our disposed properties but none was recorded in the current year. This increase is partially offset by \$6.8 million attributable to the decline in the Euro.
- Straight-line rent — up \$9.9 million over the prior year of which \$6.8 million is from incremental revenue from acquisitions made in 2015, \$4.1 million is incremental revenue from development properties that were completed and put into service in 2015. This increase is partially offset by \$0.8 million attributable to the decline in the Euro and a \$3.1 million write-off of straight-line rent related to our Luling and Twelve Oaks properties.
- Income from direct financing leases — up \$9.6 million over the prior year of which \$0.8 million is from annual escalation provisions in our leases and \$8.8 million is from incremental revenue from acquisitions made in 2015.
- Interest from loans — up \$49.3 million over the prior period of which \$1.8 million is from our annual escalation provisions in our loans and \$45.6 million is primarily from new loans, partially offset by the repayment of loans in 2015 and \$4.2 million attributable to the decline in the Euro.

Real estate depreciation and amortization during 2015 was \$69.9 million compared to \$53.9 million in 2014 primarily due to the incremental depreciation/amortization from the facilities acquired in 2015 and the development properties completed in 2014 and 2015. In addition, we accelerated the related lease intangible of our Twelve Oaks, Luling, and Healthtrax properties resulting in an additional \$1.1 million of expense.

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

Acquisition expenses increased from \$26.4 million in 2014 to \$61.3 million in 2015 primarily as a result of the completion of the MEDIAN and Capella acquisitions. Included in the 2015 and 2014 acquisition expenses are \$37.0 million and \$5.8 million, respectively, of real estate transfer taxes associated with our international properties.

General and administrative expenses in 2015 totaled \$43.6 million, which is 9.9% of revenues, down from 11.9% of revenues in the prior year. The decline in general and administrative expenses as a percentage of revenue is primarily due to our business model as we can generally increase our revenue significantly without increasing our headcount and related expense at the same rate. On a dollar basis, general and administrative expenses were up \$6.4 million from the prior year due to higher compensation expense, travel and international administrative expenses, which are up as a result of the growth and expansion of our company. On a go forward basis, we would expect our general and administrative expense to be in the \$11 million range per quarter assuming no significant changes in our operations.

Interest expense for 2015 and 2014 totaled \$120.9 million and \$98.2 million, respectively. This increase is related to higher average debt balances in the current year associated with our 2014 Senior Unsecured Notes (entered into in April 2014), our 2015 Senior Unsecured Notes and our new and expanded Credit Facility. In addition, we incurred \$4.4 million in fees and expenses primarily associated with the bridge loan entered into during the 2015 third quarter. Our weighted average interest rate was 4.3% for 2015, down from 5.4% in 2014. See Note 4 to our consolidated financial statements in Item 8 to this Annual Report on Form 10-K for further information on our debt activities.

Other income (including our earnings from equity and other interests) was down \$4.6 million in 2015 primarily due to the \$2.9 million gain on the La Palma property sale in 2014 along with foreign currency transaction gains in 2014. Our earnings from equity and other interests increased slightly from 2014 due to increased investee earnings, partially offset by lower income from our interest in Bucks as the property was sold in August 2014 — this interest generated about \$1 million of income annually.

Income tax expense was \$1.5 million for 2015 up from \$0.3 million in 2014, primarily due to the increase in income in certain of our European entities. As noted in Note 5 to our consolidated financial statements in Item 8 to this Form 10-K, we have a significant valuation allowance established for certain domestic and foreign entities at December 31, 2015 due to cumulative losses and our current expectation of future taxable income. However, if such income from these entities exceed our current expectations in 2016, we may need to reverse the valuation allowance, which would result in higher income taxes subsequently.

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

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

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

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

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

- Rent billed — up \$54.4 million over the prior year of which \$2.8 million is from our annual escalation provisions in our leases, \$45.9 million is from incremental revenue from acquisitions made in 2014 and late 2013, and \$9.2 million is incremental revenue from development properties that were completed and put into service in 2014. Approximately \$1 million of base rents were recorded in 2013 related to our Monroe property but none was recorded in the current year.
- Straight-line rent — up \$2.8 million primarily due to incremental revenue from acquisitions made in late 2013 and 2014 and from development properties that were completed and put into service in 2013 and 2014, partially offset by the \$2.8 million write-off of unbilled rent related to our Gilbert, La Palma, and our wellness center properties.
- Income from direct financing leases — up \$8.3 million over the prior year of which \$0.6 million is from annual escalation provisions in our leases and \$7.7 million is from incremental revenue from acquisitions made in 2013.
- Interest from loans — up \$4.4 million over the prior period of which \$1.5 million is from our annual escalation provisions in our loans and \$4.2 million is primarily from new loans, partially offset by the repayment of loans in late 2013 and 2014.

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

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

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

General and administrative expenses in 2014 totaled \$37.3 million, which is 11.9% of revenues, down from 12.4% of revenues in the prior year. The drop in general and administrative expenses as a percentage of revenue is primarily due to our business model as we can generally increase our revenue significantly without increasing our headcount and related expense at the same rate. On a dollar basis, general and administrative expenses were up \$7.2 million from the prior year due to higher compensation expense (from increased head count and higher cash compensation due to improved financial/operational performance) along with \$2.5 million in higher travel and international expenses as a result of our growth and expansion in 2014.

Interest expense for 2014 and 2013 totaled \$98.2 million and \$66.7 million, respectively. This increase is related to higher average debt balances in the current year associated with our 2014 Senior Unsecured Notes and our expanded Credit Facility along with the 2013 Senior Unsecured Notes and \$150 million tack on offering to our 2012 Senior Unsecured Notes which were only partially outstanding in 2013. Our weighted average interest rate was 5.4% for 2014, down from 6% in 2013.

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

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

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

Reconciliation of Non-GAAP Financial Measures

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

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

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

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The following table presents a reconciliation of net income attributable to MPT common stockholders to FFO and normalized FFO for the years ended December 31, 2015, 2014, and 2013 (\$ amounts in thousands except per share data):

	For the Year Ended		
	December 31, 2015	December 31, 2014	December 31, 2013
FFO information:			
Net income attributable to MPT common stockholders	\$ 139,598	\$ 50,522	\$ 96,991
Participating securities' share in earnings	(1,029)	(895)	(729)
Net income, less participating securities' share in earnings	\$ 138,569	\$ 49,627	\$ 96,262
Depreciation and amortization:			
Continuing operations	69,867	53,938	36,978
Discontinued operations	—	—	708
Gain on sale of real estate	(3,268)	(2,857)	(7,659)
Real estate impairment charge	—	5,974	—
Funds from operations	\$ 205,168	\$ 106,682	\$ 126,289
Write-off of straight line rent	3,928	2,818	1,457
Acquisition expenses	61,342	26,389	19,494
Debt refinancing and unutilized financing expenses	4,367	1,698	—
Loan and other impairment charges	—	44,154	—
Normalized funds from operations attributable to MPT common stockholders	<u>\$ 274,805</u>	<u>\$ 181,741</u>	<u>\$ 147,240</u>
Per diluted share data:			
Net income, less participating securities' share in earnings	\$ 0.63	\$ 0.29	\$ 0.63
Depreciation and amortization	0.32	0.31	0.24
Gain on sale of real estate	(0.01)	(0.01)	(0.04)
Real estate impairment charge	—	0.04	—
Funds from operations	\$ 0.94	\$ 0.63	\$ 0.83
Write-off of straight line rent	0.02	0.02	0.01
Acquisition expenses	0.28	0.15	0.12
Debt refinancing and unutilized financing expenses	0.02	—	—
Loan and other impairment charges	—	0.26	—
Normalized funds from operations	<u>\$ 1.26</u>	<u>\$ 1.06</u>	<u>\$ 0.96</u>

Distribution Policy

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

The table below is a summary of our distributions declared for the three year period ended December 31, 2015:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Date of Distribution</u>	<u>Distribution per Share</u>
November 12, 2015	December 10, 2015	January 14, 2016	\$ 0.22
August 20, 2015	September 17, 2015	October 15, 2015	\$ 0.22
May 14, 2015	June 11, 2015	July 9, 2015	\$ 0.22
February 23, 2015	March 12, 2015	April 9, 2015	\$ 0.22
November 13, 2014	December 4, 2014	January 8, 2015	\$ 0.21
August 21, 2014	September 18, 2014	October 15, 2014	\$ 0.21
May 15, 2014	June 12, 2014	July 10, 2014	\$ 0.21
February 21, 2014	March 14, 2014	April 11, 2014	\$ 0.21
November 7, 2013	December 3, 2013	January 7, 2014	\$ 0.21
August 15, 2013	September 12, 2013	October 10, 2013	\$ 0.20
May 23, 2013	June 13, 2013	July 11, 2013	\$ 0.20
February 14, 2013	March 14, 2013	April 11, 2013	\$ 0.20

On February 19, 2016, we announced that our Board of Directors declared a regular quarterly cash dividend of \$0.22 per share of common stock to be paid on April 14, 2016, to stockholders of record on March 17, 2016.

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

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

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

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

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

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

Interest Rate Sensitivity

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income to common stockholders or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact net income to common stockholders and cash flows, assuming other factors are held constant. At December 31, 2015, our outstanding debt totaled \$3.3 billion, which consisted of fixed-rate debt of \$1.9 billion (including \$125.0 million of floating debt swapped to fixed) and variable rate debt of \$1.4 billion. If market interest rates increase by one-percent, the fair value of our fixed rate debt at December 31, 2015 would decrease by approximately \$4.5 million. Changes in the fair value of our fixed rate debt will not have any impact on us unless we decided to repurchase the debt in the open markets.

If market rates of interest on our variable rate debt increase by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by \$0.2 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 \$0.2 million per year. This assumes that the average amount outstanding under our variable rate debt for a year is \$1.4 billion, the balance of our revolver and term loan at December 31, 2015.

Foreign Currency Sensitivity

With our investments in Germany, Italy, Spain and the United Kingdom, we are subject to fluctuations in the Euro and British Pound to US dollar currency exchange rates. Increases or decreases in the value of the Euro to US dollar and the British Pound to US dollar exchange rates may impact our financial condition and/or our results of operations. Based solely on operating results for 2015 and on an annualized basis, if the Euro exchange rate were to change by 5%, our FFO would change by approximately \$2.6 million. Based solely on operating results for 2015 and on an annualized basis, if the British Pound exchange rate were to change by 5%, our FFO would change by less than \$0.3 million.

ITEM 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
of Medical Properties Trust, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) present fairly, in all material respects, the financial position of Medical Properties Trust, Inc. and its subsidiaries at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index under Item 15(a) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9a. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP

Birmingham, AL
February 29, 2016

Report of Independent Registered Public Accounting Firm

To the Partners
of MPT Operating Partnership, L.P.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) present fairly, in all material respects, the financial position of MPT Operating Partnership, L.P. and its subsidiaries at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index under Item 15(a) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9a. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP

Birmingham, AL
February 29, 2016

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31,	
	2015	2014
	(Amounts in thousands, except for per share data)	
ASSETS		
Real estate assets		
Land	\$ 315,787	\$ 192,551
Buildings and improvements	2,675,803	1,848,176
Construction in progress and other	49,165	23,163
Intangible lease assets	256,950	108,885
Net investment in direct financing leases	626,996	439,516
Mortgage loans	757,581	397,594
Gross investment in real estate assets	4,682,282	3,009,885
Accumulated depreciation	(232,675)	(181,441)
Accumulated amortization	(25,253)	(21,186)
Net investment in real estate assets	4,424,354	2,807,258
Cash and cash equivalents	195,541	144,541
Interest and rent receivables	46,939	41,137
Straight-line rent receivables	82,155	59,128
Other loans	664,822	573,167
Other assets	195,540	95,099
Total Assets	\$5,609,351	\$3,720,330
LIABILITIES AND EQUITY		
Liabilities		
Debt, net	\$3,322,541	\$2,174,648
Accounts payable and accrued expenses	137,356	112,623
Deferred revenue	29,358	27,207
Lease deposits and other obligations to tenants	12,831	23,805
Total liabilities	3,502,086	2,338,283
Commitments and Contingencies		
Equity		
Preferred stock, \$0.001 par value. Authorized 10,000 shares; no shares outstanding	—	—
Common stock, \$0.001 par value. Authorized 500,000 shares; issued and outstanding — 236,744 shares at December 31, 2015 and 172,743 shares at December 31, 2014	237	172
Additional paid-in capital	2,593,827	1,765,381
Distributions in excess of net income	(418,650)	(361,330)
Accumulated other comprehensive loss	(72,884)	(21,914)
Treasury shares, at cost	(262)	(262)
Total Medical Properties Trust, Inc. Stockholders' Equity	2,102,268	1,382,047
Non-controlling interests	4,997	—
Total Equity	2,107,265	1,382,047
Total Liabilities and Equity	\$5,609,351	\$3,720,330

See accompanying notes to consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES
Consolidated Statements of Net Income

	For the Years Ended December 31,		
	2015	2014	2013
	(Amounts in thousands, except for per share data)		
Revenues			
Rent billed	\$ 247,604	\$ 187,018	\$ 132,578
Straight-line rent	23,375	13,507	10,706
Income from direct financing leases	58,715	49,155	40,830
Interest and fee income	112,184	62,852	58,409
Total revenues	<u>441,878</u>	<u>312,532</u>	<u>242,523</u>
Expenses			
Real estate depreciation and amortization	69,867	53,938	36,978
Impairment charges	—	50,128	—
Property-related	3,792	1,851	2,450
Acquisition expenses	61,342	26,389	19,494
General and administrative	43,639	37,274	30,063
Total operating expenses	<u>178,640</u>	<u>169,580</u>	<u>88,985</u>
Operating income	263,238	142,952	153,538
Other income (expense)			
Interest and other income (expense)	595	5,481	(319)
Earnings from equity and other interests	2,849	2,559	3,554
Debt refinancing and unutilized financings expense	(4,368)	(1,698)	—
Interest expense	(120,884)	(98,156)	(66,746)
Income tax expense	(1,503)	(340)	(726)
Net other expenses	<u>(123,311)</u>	<u>(92,154)</u>	<u>(64,237)</u>
Income from continuing operations	139,927	50,798	89,301
Income (loss) from discontinued operations	—	(2)	7,914
Net income	139,927	50,796	97,215
Net income attributable to non-controlling interests	(329)	(274)	(224)
Net income attributable to MPT common stockholders	<u>\$ 139,598</u>	<u>\$ 50,522</u>	<u>\$ 96,991</u>
Earnings per share — basic			
Income from continuing operations attributable to MPT common stockholders	\$ 0.64	\$ 0.29	\$ 0.59
Income from discontinued operations attributable to MPT common stockholders	—	—	0.05
Net income attributable to MPT common stockholders	<u>\$ 0.64</u>	<u>\$ 0.29</u>	<u>\$ 0.64</u>
Weighted average shares outstanding — basic	<u>217,997</u>	<u>169,999</u>	<u>151,439</u>
Earnings per share — diluted			
Income from continuing operations attributable to MPT common stockholders	\$ 0.63	\$ 0.29	\$ 0.58
Income from discontinued operations attributable to MPT common stockholders	—	—	0.05
Net income attributable to MPT common stockholders	<u>\$ 0.63</u>	<u>\$ 0.29</u>	<u>\$ 0.63</u>
Weighted average shares outstanding — diluted	<u>218,304</u>	<u>170,540</u>	<u>152,598</u>

See accompanying notes to consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

(In thousands)	For the Years Ended December 31,		
	2015	2014	2013
Net income	\$ 139,927	\$ 50,796	\$ 97,215
Other comprehensive income (loss):			
Unrealized gain on interest rate swap	3,139	2,964	3,474
Foreign currency translation (loss) gain	(54,109)	(15,937)	67
Total comprehensive income	88,957	37,823	100,756
Comprehensive income attributable to non-controlling interests	(329)	(274)	(224)
Comprehensive income attributable to MPT common stockholders	<u>\$ 88,628</u>	<u>\$ 37,549</u>	<u>\$ 100,532</u>

See accompanying notes to consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES
Consolidated Statements of Equity
For the Years Ended December 31, 2015, 2014 and 2013
(Amounts in thousands, except per share data)

	Preferred		Common		Additional Paid-in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Treasury Stock	Non- Controlling Interests	Total Equity
	Shares	Par Value	Shares	Par Value						
Balance at December 31, 2012	—	\$—	136,335	\$136	\$1,295,916	\$ (233,494)	\$ (12,482)	\$ (262)	\$ —	\$1,049,814
Net income	—	—	—	—	—	96,991	—	—	224	97,215
Unrealized gain on interest rate swaps	—	—	—	—	—	—	3,474	—	—	3,474
Foreign currency translation gain	—	—	—	—	—	—	67	—	—	67
Stock vesting and amortization of stock-based compensation	—	—	811	1	8,832	—	—	—	—	8,833
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(224)	(224)
Proceeds from offering (net of offering costs)	—	—	24,164	24	313,306	—	—	—	—	313,330
Dividends declared (\$0.81 per common share)	—	—	—	—	—	(128,301)	—	—	—	(128,301)
Balance at December 31, 2013	—	\$—	161,310	\$161	\$1,618,054	\$ (264,804)	\$ (8,941)	\$ (262)	\$ —	\$1,344,208
Net income	—	—	—	—	—	50,522	—	—	274	50,796
Unrealized gain on interest rate swaps	—	—	—	—	—	—	2,964	—	—	2,964
Foreign currency translation loss	—	—	—	—	—	—	(15,937)	—	—	(15,937)
Stock vesting and amortization of stock-based compensation	—	—	777	—	9,165	—	—	—	—	9,165
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(274)	(274)
Proceeds from offering (net of offering costs)	—	—	10,656	11	138,162	—	—	—	—	138,173
Dividends declared (\$0.84 per common share)	—	—	—	—	—	(147,048)	—	—	—	(147,048)
Balance at December 31, 2014	—	\$—	172,743	\$172	\$1,765,381	\$ (361,330)	\$ (21,914)	\$ (262)	\$ —	\$1,382,047
Net income	—	—	—	—	—	139,598	—	—	329	139,927
Sale of non-controlling interests	—	—	—	—	—	—	—	—	5,000	5,000
Unrealized gain on interest rate swaps	—	—	—	—	—	—	3,139	—	—	3,139
Foreign currency translation loss	—	—	—	—	—	—	(54,109)	—	—	(54,109)
Stock vesting and amortization of stock-based compensation	—	—	751	2	11,120	—	—	—	—	11,122
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(332)	(332)
Proceeds from offering (net of offering costs)	—	—	63,250	63	817,326	—	—	—	—	817,389
Dividends declared (\$0.88 per common share)	—	—	—	—	—	(196,918)	—	—	—	(196,918)
Balance at December 31, 2015	—	\$—	236,744	\$237	\$2,593,827	\$ (418,650)	\$ (72,884)	\$ (262)	\$ 4,997	\$2,107,265

See accompanying notes to consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the Years Ended December 31,		
	2015	2014	2013
	(Amounts in thousands)		
Operating activities			
Net income	\$ 139,927	\$ 50,796	\$ 97,215
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	71,827	55,162	38,818
Amortization and write-off of deferred financing costs and debt discount	6,085	5,105	3,559
Direct financing lease accretion	(8,032)	(6,701)	(5,774)
Straight-line rent revenue	(26,187)	(16,325)	(11,265)
Share-based compensation expense	11,122	9,165	8,833
Gain from sale of real estate	(3,268)	(2,857)	(7,659)
Impairment charges	—	50,128	—
Straight-line rent write-off	2,812	2,818	1,457
Other adjustments	(1,967)	520	(70)
Decrease (increase) in:			
Interest and rent receivable	(5,599)	(3,856)	(13,211)
Other assets	(8,297)	764	1,855
Accounts payable and accrued expenses	26,540	6,209	23,867
Deferred revenue	2,033	(485)	3,177
Net cash provided by operating activities	<u>206,996</u>	<u>150,443</u>	<u>140,802</u>
Investing activities			
Cash paid for acquisitions and other related investments	(2,218,869)	(767,696)	(654,922)
Net proceeds from sale of real estate	19,175	34,649	32,409
Principal received on loans receivable	771,785	11,265	7,249
Investment in loans receivable	(354,001)	(12,782)	(3,746)
Construction in progress	(146,372)	(102,333)	(41,452)
Other investments, net	(17,339)	(13,126)	(52,115)
Net cash used for investing activities	<u>(1,945,621)</u>	<u>(850,023)</u>	<u>(712,577)</u>
Financing activities			
Additions to term debt	681,000	425,000	424,580
Payments of term debt	(283)	(100,266)	(11,249)
Payment of deferred financing costs	(7,686)	(14,496)	(9,760)
Revolving credit facilities, net	509,415	490,625	(20,000)
Distributions paid	(182,980)	(144,365)	(120,309)
Lease deposits and other obligations to tenants	(10,839)	7,892	3,231
Proceeds from sale of common shares, net of offering costs	817,389	138,173	313,330
Other financing activities	(5,326)	—	—
Net cash provided by financing activities	<u>1,800,690</u>	<u>802,563</u>	<u>579,823</u>
Increase in cash and cash equivalents for the year	62,065	102,983	8,048
Effect of exchange rate changes	(11,065)	(4,421)	620
Cash and cash equivalents at beginning of year	144,541	45,979	37,311
Cash and cash equivalents at end of year	<u>\$ 195,541</u>	<u>\$ 144,541</u>	<u>\$ 45,979</u>
Interest paid, including capitalized interest of \$1,425 in 2015, \$1,860 in 2014, and \$1,729 in 2013	\$ 107,228	\$ 91,890	\$ 58,110
Supplemental schedule of non-cash investing activities:			
Mortgage loan issued from sale of real estate	\$ —	\$ 12,500	\$ —
Supplemental schedule of non-cash financing activities:			
Dividends declared, not paid	\$ 52,402	\$ 38,461	\$ 35,778

See accompanying notes to consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31,	
	2015	2014
	(Amounts in thousands, except for per unit data)	
ASSETS		
Real estate assets		
Land	\$ 315,787	\$ 192,551
Buildings and improvements	2,675,803	1,848,176
Construction in progress and other	49,165	23,163
Intangible lease assets	256,950	108,885
Net investment in direct financing leases	626,996	439,516
Mortgage loans	757,581	397,594
Gross investment in real estate assets	4,682,282	3,009,885
Accumulated depreciation	(232,675)	(181,441)
Accumulated amortization	(25,253)	(21,186)
Net investment in real estate assets	4,424,354	2,807,258
Cash and cash equivalents	195,541	144,541
Interest and rent receivables	46,939	41,137
Straight-line rent receivables	82,155	59,128
Other loans	664,822	573,167
Other assets	195,540	95,099
Total Assets	\$5,609,351	\$3,720,330
LIABILITIES AND CAPITAL		
Liabilities		
Debt, net	\$3,322,541	\$2,174,648
Accounts payable and accrued expenses	84,628	74,195
Deferred revenue	29,358	27,207
Lease deposits and other obligations to tenants	12,831	23,805
Payable due to Medical Properties Trust, Inc.	52,338	38,038
Total liabilities	3,501,696	2,337,893
Commitments and Contingencies		
Capital		
General partner — issued and outstanding — 2,363 units at December 31, 2015 and 1,722 units at December 31, 2014	21,773	14,055
Limited Partners:		
Common units — issued and outstanding — 234,381 units at December 31, 2015 and 171,021 units at December 31, 2014	2,153,769	1,390,296
LTIP units — issued and outstanding — 292 units at December 31, 2015 and 292 units at December 31, 2014	—	—
Accumulated other comprehensive loss	(72,884)	(21,914)
Total MPT Operating Partnership, L.P. capital	2,102,658	1,382,437
Non-controlling interests	4,997	—
Total Capital	2,107,655	1,382,437
Total Liabilities and Capital	\$5,609,351	\$3,720,330

See accompanying notes to consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
Consolidated Statements of Net Income

	For the Years Ended December 31,		
	2015	2014	2013
	(Amounts in thousands, except for per unit data)		
Revenues			
Rent billed	\$ 247,604	\$ 187,018	\$ 132,578
Straight-line rent	23,375	13,507	10,706
Income from direct financing leases	58,715	49,155	40,830
Interest and fee income	112,184	62,852	58,409
Total revenues	<u>441,878</u>	<u>312,532</u>	<u>242,523</u>
Expenses			
Real estate depreciation and amortization	69,867	53,938	36,978
Impairment charges	—	50,128	—
Property-related	3,792	1,851	2,450
Acquisition expenses	61,342	26,389	19,494
General and administrative	43,639	37,274	30,063
Total operating expense	<u>178,640</u>	<u>169,580</u>	<u>88,985</u>
Operating income	263,238	142,952	153,538
Other income (expense)			
Interest and other income (expense)	595	5,481	(319)
Earnings from equity and other interests	2,849	2,559	3,554
Debt refinancing and unutilized financings expense	(4,368)	(1,698)	—
Interest expense	(120,884)	(98,156)	(66,746)
Income tax expense	(1,503)	(340)	(726)
Net other expenses	<u>(123,311)</u>	<u>(92,154)</u>	<u>(64,237)</u>
Income from continuing operations	139,927	50,798	89,301
Income (loss) from discontinued operations	—	(2)	7,914
Net income	139,927	50,796	97,215
Net income attributable to non-controlling interests	(329)	(274)	(224)
Net income attributable to MPT Operating Partnership partners	<u>\$ 139,598</u>	<u>\$ 50,522</u>	<u>\$ 96,991</u>
Earnings per unit — basic			
Income from continuing operations attributable to MPT Operating Partnership partners	\$ 0.64	\$ 0.29	\$ 0.59
Income from discontinued operations attributable to MPT Operating Partnership partners	—	—	0.05
Net income attributable to MPT Operating Partnership partners	<u>\$ 0.64</u>	<u>\$ 0.29</u>	<u>\$ 0.64</u>
Weighted average units outstanding — basic	<u>217,997</u>	<u>169,999</u>	<u>151,439</u>
Earnings per unit — diluted			
Income from continuing operations attributable to MPT Operating Partnership partners	\$ 0.63	\$ 0.29	\$ 0.58
Income from discontinued operations attributable to MPT Operating Partnership partners	—	—	0.05
Net income attributable to MPT Operating Partnership partners	<u>\$ 0.63</u>	<u>\$ 0.29</u>	<u>\$ 0.63</u>
Weighted average units outstanding — diluted	<u>218,304</u>	<u>170,540</u>	<u>152,598</u>

See accompanying notes to consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

(In thousands)	For the Years Ended December 31,		
	2015	2014	2013
Net income	\$ 139,927	\$ 50,796	\$ 97,215
Other comprehensive income (loss):			
Unrealized gain on interest rate swap	3,139	2,964	3,474
Foreign currency translation (loss) gain	(54,109)	(15,937)	67
Total comprehensive income	88,957	37,823	100,756
Comprehensive income attributable to non-controlling interests	(329)	(274)	(224)
Comprehensive income attributable to MPT Operating Partnership partners	\$ 88,628	\$ 37,549	\$ 100,532

See accompanying notes to consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
Consolidated Statements of Capital
For the Years Ended December 31, 2015, 2014 and 2013
(Amounts in thousands, except per unit data)

	General Partner		Limited Partners				Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Capital
	Units	Unit Value	Common		LTIPs				
	Units	Unit Value	Units	Unit Value	Units	Unit Value			
Balance at December 31, 2012	<u>1,357</u>	<u>\$10,630</u>	<u>134,978</u>	<u>\$1,052,056</u>	<u>221</u>	<u>\$ —</u>	<u>\$ (12,482)</u>	<u>\$ —</u>	<u>\$1,050,204</u>
Net income	—	972	—	95,748	—	271	—	224	97,215
Unrealized gain on interest rate swaps	—	—	—	—	—	—	3,474	—	3,474
Foreign currency translation gain	—	—	—	—	—	—	67	—	67
Unit vesting and amortization of unit-based compensation	9	88	802	8,745	71	—	—	—	8,833
Proceeds from offering (net of offering costs)	242	3,133	23,922	310,197	—	—	—	—	313,330
Distributions to non- controlling interests	—	—	—	—	—	—	—	(224)	(224)
Distributions declared (\$0.81 per unit)	—	(1,282)	—	(126,748)	—	(271)	—	—	(128,301)
Balance at December 31, 2013	<u>1,608</u>	<u>\$13,541</u>	<u>159,702</u>	<u>\$1,339,998</u>	<u>292</u>	<u>\$ —</u>	<u>\$ (8,941)</u>	<u>\$ —</u>	<u>\$1,344,598</u>
Net income	—	508	—	49,769	—	245	—	274	50,796
Unrealized gain on interest rate swaps	—	—	—	—	—	—	2,964	—	2,964
Foreign currency translation loss	—	—	—	—	—	—	(15,937)	—	(15,937)
Unit vesting and amortization of unit-based compensation	8	92	769	9,073	—	—	—	—	9,165
Proceeds from offering (net of offering costs)	106	1,382	10,550	136,791	—	—	—	—	138,173
Distributions to non- controlling interests	—	—	—	—	—	—	—	(274)	(274)
Distributions declared (\$0.84 per unit)	—	(1,468)	—	(145,335)	—	(245)	—	—	(147,048)
Balance at December 31, 2014	<u>1,722</u>	<u>\$14,055</u>	<u>171,021</u>	<u>\$1,390,296</u>	<u>292</u>	<u>\$ —</u>	<u>\$ (21,914)</u>	<u>\$ —</u>	<u>\$1,382,437</u>
Net income	—	1,399	—	138,199	—	—	—	329	139,927
Sale of non-controlling interests	—	—	—	—	—	—	—	5,000	5,000
Unrealized gain on interest rate swaps	—	—	—	—	—	—	3,139	—	3,139
Foreign currency translation loss	—	—	—	—	—	—	(54,109)	—	(54,109)
Unit vesting and amortization of unit-based compensation	8	111	743	11,011	—	—	—	—	11,122
Proceeds from offering (net of offering costs)	633	8,175	62,617	809,214	—	—	—	—	817,389
Distributions to non- controlling interests	—	—	—	—	—	—	—	(332)	(332)
Distributions declared (\$0.88 per unit)	—	(1,967)	—	(194,951)	—	—	—	—	(196,918)
Balance at December 31, 2015	<u>2,363</u>	<u>\$21,773</u>	<u>234,381</u>	<u>\$2,153,769</u>	<u>292</u>	<u>\$ —</u>	<u>\$ (72,884)</u>	<u>\$ 4,997</u>	<u>\$2,107,655</u>

See accompanying notes to consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the Years Ended December 31,		
	2015	2014	2013
	(Amounts in thousands)		
Operating activities			
Net income	\$ 139,927	\$ 50,796	\$ 97,215
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	71,827	55,162	38,818
Amortization and write-off of deferred financing costs and debt discount	6,085	5,105	3,559
Direct financing lease interest accretion	(8,032)	(6,701)	(5,774)
Straight-line rent revenue	(26,187)	(16,325)	(11,265)
Unit-based compensation expense	11,122	9,165	8,833
Gain from sale of real estate	(3,268)	(2,857)	(7,659)
Impairment charges	—	50,128	—
Straight-line rent write-off	2,812	2,818	1,457
Other adjustments	(1,967)	520	(70)
Decrease (increase) in:			
Interest and rent receivable	(5,599)	(3,856)	(13,211)
Other assets	(8,297)	764	1,855
Accounts payable and accrued expenses	26,540	6,209	23,867
Deferred revenue	2,033	(485)	3,177
Net cash provided by operating activities	<u>206,996</u>	<u>150,443</u>	<u>140,802</u>
Investing activities			
Cash paid for acquisitions and other related investments	(2,218,869)	(767,696)	(654,922)
Net proceeds from sale of real estate	19,175	34,649	32,409
Principal received on loans receivable	771,785	11,265	7,249
Investment in loans receivable	(354,001)	(12,782)	(3,746)
Construction in progress	(146,372)	(102,333)	(41,452)
Other investments, net	(17,339)	(13,126)	(52,115)
Net cash used for investing activities	<u>(1,945,621)</u>	<u>(850,023)</u>	<u>(712,577)</u>
Financing activities			
Additions to term debt	681,100	425,000	424,580
Payments of term debt	(283)	(100,266)	(11,249)
Payment of deferred financing costs	(7,686)	(14,496)	(9,760)
Revolving credit facilities, net	509,415	490,625	(20,000)
Distributions paid	(182,980)	(144,365)	(120,309)
Lease deposits and other obligations to tenants	(10,839)	7,892	3,231
Proceeds from sale of units, net of offering costs	817,389	138,173	313,330
Other financing activities	(5,326)	—	—
Net cash provided by financing activities	<u>1,800,690</u>	<u>802,563</u>	<u>579,823</u>
Increase in cash and cash equivalents for the year	62,065	102,983	8,048
Effect of exchange rate changes	(11,065)	(4,421)	620
Cash and cash equivalents at beginning of year	144,541	45,979	37,311
Cash and cash equivalents at end of year	<u>\$ 195,541</u>	<u>\$ 144,541</u>	<u>\$ 45,979</u>
Interest paid, including capitalized interest of \$1,425 in 2015, \$1,860 in 2014, and \$1,729 in 2013	\$ 107,228	\$ 91,890	\$ 58,110
Supplemental schedule of non-cash investing activities:			
Mortgage loan issued from sale of real estate	\$ —	\$ 12,500	\$ —
Supplemental schedule of non-cash financing activities:			
Dividends declared, not paid	\$ 52,402	\$ 38,461	\$ 35,778

See accompanying notes to consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES
MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES
Notes To Consolidated Financial Statements

1. Organization

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

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

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

2. Summary of Significant Accounting Policies

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

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

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

At December 31, 2015, we had loans and/or equity investments in certain VIEs, which are also tenants of our facilities (including but not limited to Ernest, Capella and Vibra). We have determined that we are not the primary beneficiary of these VIEs. The carrying value and classification of the related assets and maximum

exposure to loss as a result of our involvement with these VIEs are presented below at December 31, 2015 (in thousands):

<u>VIE Type</u>	<u>Maximum Loss Exposure(1)</u>	<u>Asset Type Classification</u>	<u>Carrying Amount(2)</u>
Loans, net	\$ 984,512	Mortgage and other loans	\$ 921,930
Equity investments	\$ 54,033	Other assets	\$ 6,232

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

For the VIE types above, we do not consolidate the VIE because we do not have the ability to control the activities (such as the day-to-day healthcare operations of our borrowers or investees) that most significantly impact the VIE's economic performance. As of December 31, 2015, we were not required to provide financial support through a liquidity arrangement or otherwise to our unconsolidated VIEs, including circumstances in which it could be exposed to further losses (e.g., cash short falls).

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

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

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

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

Revenue Recognition: We receive income from operating leases based on the fixed, minimum required rents (base rents) per the lease agreements. Rent revenue from base rents is recorded on the straight-line method over the terms of the related lease agreements for new leases and the remaining terms of existing leases for those acquired as part of a property acquisition. The straight-line method records the periodic average amount of base rent earned over the term of a lease, taking into account contractual rent increases over the lease term. The straight-line method typically has the effect of recording more rent revenue from a lease than a tenant is required to pay early in the term of the lease. During the later parts of a lease term, this effect reverses with less rent revenue recorded than a tenant is required to pay. Rent revenue, as recorded on the straight-line method, in the

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consolidated statements of net income is presented as two amounts: rent billed and straight-line revenue. Rent billed revenue is the amount of base rent actually billed to the customer each period as required by the lease. Straight-line rent revenue is the difference between rent revenue earned based on the straight-line method and the amount recorded as rent billed revenue. We record the difference between base rent revenues earned and amounts due per the respective lease agreements, as applicable, as an increase or decrease to straight-line rent receivable.

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

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

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

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

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

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

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

Acquired Real Estate Purchase Price Allocation: For existing properties acquired for leasing purposes, we account for such acquisitions based on business combination accounting rules. We allocate the purchase price of acquired properties to net tangible and identified intangible assets acquired based on their fair values. In making estimates of fair values for purposes of allocating purchase prices of acquired real estate, we may utilize a number of sources, from time to time, including available real estate broker data, independent appraisals that may

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be obtained in connection with the acquisition or financing of the respective property, internal data from previous acquisitions or developments, and other market data. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

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

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

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

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

Goodwill: Goodwill is deemed to have an indefinite economic life and is not subject to amortization. Goodwill is tested annually for impairment and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. The impairment testing involves a two-step approach. The first step determines if goodwill is impaired by comparing the fair value of the reporting unit as a whole to its book value. If a deficiency exists, the second step measures the amount of the impairment loss as the difference between the implied fair value of goodwill and its carrying value. We have not had any goodwill impairments.

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

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Construction in progress includes the cost of land, the cost of construction of buildings, improvements and fixed equipment, and costs for design and engineering. Other costs, such as interest, legal, property taxes and corporate project supervision, which can be directly associated with the project during construction, are also included in construction in progress. We commence capitalization of costs associated with a development project when the development of the future asset is probable and activities necessary to get the underlying property ready for its intended use have been initiated. We stop the capitalization of costs when the property is substantially complete and ready for its intended use.

Depreciation is calculated on the straight-line method over the useful lives of the related real estate and other assets. Our weighted-average useful lives at December 31, 2015 are as follows:

Buildings and improvements	38.9 years
Tenant lease intangibles	25.6 years
Leasehold improvements	22.1 years
Furniture, equipment and other	9.3 years

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

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

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

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

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

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

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

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

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

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

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Deferred Costs: Costs incurred prior to the completion of offerings of stock or debt that directly relate to the offerings are deferred and netted against proceeds received from the offering. Leasing commissions and other leasing costs directly attributable to tenant leases are capitalized as deferred leasing costs and amortized on the straight-line method over the terms of the related lease agreements. Costs identifiable with loans made to borrowers are recognized as a reduction in interest income over the life of the loan.

Deferred Financing Costs: We amortize deferred financing costs incurred in connection with anticipated financings and refinancings of debt. These costs are amortized over the lives of the related debt as an addition to interest expense. For debt with defined principal re-payment terms, the deferred costs are amortized to produce a constant effective yield on the debt (interest method) and are included within Debt, net on our consolidated balance sheets. For debt without defined principal repayment terms, such as revolving credit agreements, the deferred costs are amortized on the straight-line method over the term of the debt and are included as a component of Other Assets on our consolidated balance sheets.

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

Certain of our U.S. subsidiaries will enter into short-term and long-term transactions denominated in foreign currency from time to time. Gains or losses resulting from these foreign currency transactions are translated into U.S. dollars at the rates of exchange prevailing at the dates of the transactions. The effects of transaction gains or losses on our short-term transactions are included in other income in the consolidated statements of income, while the translation effects on our long-term investments are recorded in accumulated other comprehensive income (loss) on our consolidated balance sheets.

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

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

Fair Value Measurement: We measure and disclose the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained

from independent sources, while unobservable inputs reflect our market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- *Level 1* — quoted prices for *identical* instruments in active markets;
- *Level 2* — quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- *Level 3* — fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

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

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

Fair Value Option Election: For our equity interest in Ernest and Capella along with any related loans (as more fully described in Note 3 and 10), we have elected to account for these investments at fair value due to the size of the investments and because we believe this method is more reflective of current values. We have not made a similar election for other equity interest or loans.

Recent Accounting Developments:

Presentation of Debt Issuance Costs

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. Also in August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated With Line-of-Credit Arrangements" which clarifies the SEC staff's position not objecting to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing such costs, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We adopted these standards for the quarter ended December 31, 2015. There were deferred financing costs of \$28.4 million and \$27.0 million as of December 31, 2015 and 2014, respectively that are now classified within Debt, net on our consolidated balance sheets.

Measurement-Period Adjustments for Business Combinations

In September 2015, the FASB issued ASU 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments" to simplify the accounting for business combinations, specifically as it relates to measurement-period adjustments. Acquiring entities in a business combination must recognize measurement-period

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adjustments in the reporting period in which the adjustment amounts are determined. Also, ASU 2015-16 requires entities to present separately on the face of the income statement (or disclose in the notes to the financial statements) the portion of the amount recorded in the current period earnings, by line item, that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is effective for us beginning in the 2015 fourth quarter and is to be applied prospectively to measurement-period adjustments that occur after the effective date. We do not expect the adoption of this ASU to have a significant impact on our consolidated financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." Under the new standard, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received for that specific good or service. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption. On April 1, 2015, the FASB proposed deferring the effective date of this standard by one year to December 15, 2017, for annual reporting periods beginning after that date. The FASB also proposed permitting early adoption of the standard, but not before the original effective date of December 15, 2016. We do not expect this standard to have a significant impact on our financial results, as a substantial portion of our revenue consists of rental income from leasing arrangements, which are specifically excluded from ASU No. 2014-09.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU 2015-02 that modifies the evaluation of whether limited partnerships and similar legal entities are VIEs, eliminates the presumption that a general partner should consolidate a limited partnership and affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. We do not believe this proposed standard will have a significant impact on us. This ASU is effective for fiscal years beginning after December 15, 2015.

Leases

In February 2016, the FASB issued ASU 2016-02 - *Leases* (Accounting Standards Codification 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU is expected to impact our consolidated financial statements as we have certain operating and land lease arrangements for which we are the lessee.

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

We acquired the following assets:

Assets Acquired	2015	2014 (in thousands)	2013
Land	\$ 126,336	\$ 22,569	\$ 41,473
Building	758,009	241,242	439,030
Intangible lease assets — subject to amortization (weighted average useful life of 30.4 years in 2015, 18.2 years in 2014 and 21.0 years in 2013)	154,719	22,513	38,589
Net investments in direct financing leases	174,801	—	110,580
Mortgage loans	380,000	—	20,000
Other loans	523,605	447,664	5,250
Equity investments and other assets	101,716	33,708	—
Liabilities	(317)	—	—
Total assets acquired	<u>\$2,218,869</u>	<u>\$767,696</u>	<u>\$654,922</u>
Loans repaid(1)	(385,851)	—	—
Total net assets acquired	<u>\$1,833,018</u>	<u>\$767,696</u>	<u>\$654,922</u>

(1) Loans advanced to MEDIAN in 2014 and repaid in 2015 as part of step 2 of the MEDIAN transaction. See below for details.

2015 Activity**Acquisition of Capella Healthcare Hospital Portfolio**

In July 2015, we entered into definitive agreements to acquire a portfolio of seven acute care hospitals owned and operated by Capella for a combined purchase price and investment of approximately \$900 million, adjusted for any cash on hand. The transaction includes our investments in seven acute care hospitals (two of which are in the form of mortgage loans) for an aggregate investment of approximately \$600 million, an acquisition loan for approximately \$290 million and a 49% equity interest in the ongoing operator of the facilities.

In conjunction with the acquisition, MPT Camaro Opco, LLC, a wholly-owned subsidiary of MDS, formed a joint venture limited liability company, Capella Health Holdings, LLC (“Capella Holdings”), with an entity affiliated with the current senior management of Capella (“ManageCo”). MPT Camaro Opco, LLC holds 49% of the equity interests in Capella Holdings and the ManageCo holds the remaining 51%. Capella and its operating subsidiaries are managed and operated by ManageCo pursuant to the terms of one or more management agreements, the terms of which include base management fees payable to ManageCo and incentive payments tied to agreed benchmarks. Pursuant to the limited liability company agreement of Capella Holdings, ManageCo and MPT Camaro Opco, LLC will share profits and distributions from Capella Holdings according to a distribution waterfall under which, if certain benchmarks are met, after taking into account interest paid on the acquisition loan, ManageCo and MPT Camaro Opco, LLC will share in cash generated by Capella Holdings in a ratio of 35% to ManageCo and 65% to MPT Camaro Opco, LLC. The limited liability company agreement provides that ManageCo will manage Capella Holdings and MPT Camaro Opco, LLC will have no management authority or control except for certain protective rights consistent with a passive ownership interest, such as a limited right to approve certain components of the annual budgets and the right to approve extraordinary transactions.

On August 31, 2015, we closed on six of the seven Capella properties, two of which were in the form of mortgage loans, and expect to close on the seventh property in 2016. We entered into a master lease and mortgage loans for the acquired properties providing for 15-year terms with four 5-year extension options, plus consumer price-indexed increases, limited to a 2% floor and a 4% ceiling annually. The acquisition loan has a 15-year term and carries a fixed interest rate of 8%.

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On October 30, 2015, we acquired an additional acute hospital in Camden, South Carolina for an aggregate purchase price of \$25.8 million. We leased this hospital to Capella pursuant to the 2015 master lease. In connection with the transaction, we funded an additional acquisition loan to Capella of \$9.2 million.

As of December 31, 2015, our acquisition loan is \$487.7 million, of which \$100 million is related to the funding of a property that is expected to close in 2016.

MEDIAN Transaction Update

During early 2015, we made additional loans of approximately €240 million on behalf of MEDIAN, a German provider of post-acute and acute rehabilitation services, to complete step one of a two step process to acquire the healthcare real estate of MEDIAN. On April 29, 2015, we entered into a series of definitive agreements with MEDIAN to complete the acquisition of the real estate assets of 32 hospitals owned by MEDIAN for an aggregate purchase price of approximately €688 million. Upon acquisition, each property became subject to a master lease between us and MEDIAN providing for the leaseback of the property to MEDIAN. The master lease has an initial term of 27 years and provides for annual escalations of rent at the greater of one percent or 70% of the German consumer price index.

MEDIAN is owned by an affiliate of Waterland Private Equity Fund V C.V. ("Waterland"), which acquired 94.9% of the outstanding equity interests in MEDIAN, and by a subsidiary of our Operating Partnership, which acquired the remaining 5.1% of the outstanding equity interests in MEDIAN, each in December 2014. See "2014 Activity" for further details of our 2014 activity with MEDIAN.

At each closing, the purchase price for each facility has been reduced and offset against the interim loans made to affiliates of Waterland and MEDIAN and against the amount of any debt assumed or repaid by us in connection with the closing. As part of this transaction, we incurred approximately \$37 million of real estate transfer tax in 2015. As of December 31, 2015, we have closed on 31 of the 32 properties for an aggregate amount of €646 million. As of December 31, 2015, we have no loans outstanding to MEDIAN.

An affiliate of Waterland controls RHM Klinik-und Altenheimbetriebe GmbH & Co. KG ("RHM"), the operator and lessee of the other German facilities that we own. MEDIAN and RHM merged in December 2015. For concentration disclosures that follow in this Note 3, we will show MEDIAN and RHM on a combined basis as MEDIAN.

Other Acquisitions

On December 3, 2015, we acquired a 266-bed outpatient rehabilitation clinic located in Hannover, Germany from RHM for €18.7 million. Upon acquisition, the facility was leased back under our existing master lease with RHM, providing for a remaining term of 25 years and annual rent increases of 2.0% in 2017 and 0.5% thereafter. On December 31, 2020 and every three years thereafter, rent will also be increased to reflect 70% of cumulative increases in the German consumer price index.

On November 18, 2015, we acquired seven acute care hospitals and a freestanding clinic in northern Italy for an aggregate purchase price to us of approximately €90 million. The acquisition was effected through a newly-formed joint venture between us and affiliates of AXA Real Estate, in which we own a 50% interest. The facilities are leased to an Italian acute care hospital operator, pursuant to a long-term master lease. We are accounting for our 50% interest in this joint venture under the equity method.

On September 30, 2015, we provided a \$100 million mortgage financing to Prime for three general acute care hospitals and one free-standing emergency department and health center in New Jersey. The loan has a five-year term and provides for consumer-priced indexed interest increases, subject to a floor.

On September 9, 2015, we acquired the real estate of a general acute care hospital under development located in Valencia, Spain. The acquisition was effected through a newly-formed joint venture between us and clients.

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of AXA Real Estate, in which we will own a 50% interest. Our expected share of the aggregate purchase and development price is €21.4 million. Upon completion, the facility will be leased to a Spanish operator of acute care hospitals, pursuant to a long-term lease. We are accounting for our 50% interest in this joint venture under the equity method.

On August 31, 2015, we closed on a \$30 million mortgage loan transaction with Prime for the acquisition of Lake Huron Medical Center, a 144-bed general acute care hospital located in Port Huron, Michigan. The loan provides for consumer-priced indexed interest increases, subject to a floor. On December 31, 2015, we acquired the real estate of Lake Huron Medical Center for \$20 million, which reduced the mortgage loan accordingly. The facility is being leased to Prime under our master lease agreement.

On June 16, 2015, we acquired the real estate of two facilities in Lubbock, Texas, a 60-bed inpatient rehabilitation hospital and a 37-bed long-term acute care hospital, for an aggregate purchase price of \$31.5 million. We entered into a 20-year lease with Ernest for the rehabilitation hospital, which provides for three five-year extension options, and separately entered into a lease with Ernest for the long-term acute care hospital that has a final term ending December 31, 2034. In connection with the transaction, we funded an acquisition loan to Ernest of approximately \$12.0 million. Ernest will operate the rehabilitation hospital in a joint venture with Covenant Health System, while the long-term acute care hospital will continue to be operated by Fundamental Health under a new sublease with Ernest.

On February 27, 2015, we acquired an inpatient rehabilitation hospital in Weslaco, Texas for \$10.7 million. We have leased this hospital to Ernest pursuant to the 2012 master lease, which has a remaining 17-year fixed term and three extension options of five years each. This lease provides for consumer-priced-indexed annual rent increases, subject to a floor and a cap. In addition, we funded an acquisition loan in the amount of \$5 million.

On February 13, 2015, we acquired two general acute care hospitals in the Kansas City area for \$110 million. Prime is the tenant and operator pursuant to a new master lease that has similar terms and security enhancements as the other master lease agreements entered into in 2013. This master lease has a 10-year initial fixed term with two extension options of five years each. The lease provides for consumer-price-indexed annual rent increases, subject to a specified floor. In addition, we funded a mortgage loan in the amount of \$40 million, which has a 10-year term.

From the respective acquisition dates, the properties and mortgage loans acquired in 2015 contributed \$102.4 million and \$69.3 million of revenue and income (excluding related acquisition expenses), respectively, for the year ended December 31, 2015. In addition, we incurred \$58 million of acquisition related costs on the 2015 acquisitions for the year ended December 31, 2015.

The majority of the purchase price allocations attributable to the 2015 acquisitions are preliminary. When all relevant information is obtained, resulting changes, if any, to our provisional purchase price allocation will be adjusted to reflect new information obtained about the facts and circumstances that existed as of the respective acquisition dates that, if known, would have affected the measurement of the amounts recognized as of those dates.

2014 Activity

MEDIAN Transaction

On October 15, 2014, we entered into definitive agreements pursuant to which we would acquire substantially all the real estate assets of MEDIAN. The transaction was structured using a two step process in partnership with affiliates of Waterland. In the first step, an affiliate of Waterland acquired 94.9% of the outstanding equity interest in MEDIAN pursuant to a stock purchase agreement with MEDIAN's current owners. We indirectly acquired the remaining 5.1% of the outstanding equity interest and provided or committed to provide interim acquisition loans to Waterland and MEDIAN in aggregate amounts of approximately €425 million, of which €349 million had been advanced at December 31, 2014. These interim loans bore interest

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at a rate similar to the initial lease rate under the planned sale and leaseback transactions. See “2015 Activity” for an update on the second step of this transaction — the sale-leaseback of the real estate.

Other Acquisitions

In the fourth quarter of 2014, we acquired three RHM rehabilitation facilities in Germany for an aggregate purchase price of €63.6 million (approximately \$81 million) including approximately €3.0 million (or approximately \$3.6 million) of transfer and other taxes that have been expensed as acquisition costs. These facilities include: Bad Mergentheim (211 beds), Bad Tolz (248 beds), and Bad Liebenstein (271 beds). All three properties are included under our 2013 master lease agreement with RHM as described below.

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

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

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

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

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

2013 Activity

RHM Portfolio Acquisition

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

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Other Acquisitions

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

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

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

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

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

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

Pro Forma Information

The following unaudited supplemental pro forma operating data is presented below as if each acquisition was completed on January 1, 2014 and January 1, 2013 for the year ended December 31, 2015 and 2014, respectively. The unaudited supplemental pro forma operating data is not necessarily indicative of what the actual results of operations would have been assuming the transactions had been completed as set forth above, nor do they purport to represent our results of operations for future periods (in thousands, except per share/unit amounts).

	For the Year Ended December 31, (Unaudited)	
	2015	2014
Total revenues	\$542,763	\$531,549
Net income	240,783	220,181
Net income per share/unit	\$ 1.02	\$ 0.93

Development Activities

2015 Activity

During 2015, we completed construction and began recording rental income on the following facilities:

- First Choice ER (a subsidiary of Adeptus Health) – We completed 17 acute care facilities for this tenant during 2015 totaling \$102.6 million. Fourteen of these facilities are leased pursuant to the master lease entered into in 2014 and are cross-defaulted with the original master lease executed with First Choice ER in 2013. Three properties are leased pursuant to the master lease entered into in 2015 and are cross-defaulted with the master leases entered into in 2014 and 2013.
- UAB Medical West — This \$8.6 million acute care facility and medical office building located in Birmingham, Alabama is leased to Medical West, an affiliate of The University of Alabama at Birmingham, for 15 years and contains four renewal options of five years each. The rent increases 2% annually.

On May 5, 2015, we entered into an agreement to finance the development of and lease an inpatient rehabilitation facility in Toledo, Ohio for \$19.2 million, which will be leased to Ernest under the 2012 master lease. The facility is expected to be completed in the second quarter of 2016.

In April 2015, we executed an agreement with Adeptus Health that provides for the acquisition and development of general acute care hospitals and free standing emergency facilities with an aggregate commitment of \$250 million. These facilities will be leased to Adeptus Health pursuant to the terms of the 2014 master lease agreement that has a 15-year initial term with three extension options of five years each that provides for annual rent increases based on changes in the consumer price index with a 2% minimum. With this commitment, along with similar agreements entered into in 2014 and 2013, we have committed to fund up to \$500 million in acute care facilities with Adeptus Health. At December 31, 2015, we have funded \$217.5 million that includes 35 completed and open facilities and 8 still under construction.

2014 Activity

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

- Northern Utah Rehabilitation Hospital — This \$19 million inpatient rehabilitation facility located in South Ogden, Utah is leased to Ernest pursuant to the 2012 master lease.
- Oakleaf Surgical Hospital — This approximately \$30 million acute care facility located in Altoona, Wisconsin. This facility is leased to National Surgical Hospitals for 15 years and contains two renewal options of five years each plus an additional option for nearly another five years, and the rent increases annually based on changes in the consumer price-index.
- First Choice ER (a subsidiary of Adeptus Health) — We completed 17 acute care facilities for this tenant during 2014 totaling approximately \$83.0 million. These facilities are leased pursuant to the master lease entered into in 2013.

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

<u>Property</u>	<u>Location</u>	<u>Property Type</u>	<u>Operator</u>	<u>Commitment</u>	<u>Costs Incurred as of 12/31/15</u>	<u>Estimated Completion Date</u>
First Choice ER — Houston(2)	Houston, TX	Acute Care Hospital	Adeptus Health	\$ 5,257	\$ 2,535	1Q 2016
First Choice ER- Denver(2)	Denver, CO	Acute Care Hospital	Adeptus Health	5,300	2,435	2Q 2016
First Choice ER- Phoenix(2)	Phoenix, AZ	Acute Care Hospital	Adeptus Health	6,728	3,275	2Q 2016
First Choice ER- San Antonio(2)	San Antonio, TX	Acute Care Hospital	Adeptus Health	7,530	3,690	2Q 2016
First Choice ER- Texas(1)(2)	Texas	Acute Care Hospital	Adeptus Health	16,422	3,924	2Q 2016
Rehabilitation Hospital of Northwestern Ohio	Toledo, OH	Inpatient Rehabilitation Hospital	Ernest Health	19,212	13,693	2Q 2016
First Choice ER- Houston	Houston, TX	Acute Care Hospital	Adeptus Health	45,961	19,613	3Q 2016
First Choice Emergency Rooms	Various	Acute Care Hospital	Adeptus Health	200,090	—	Various
				<u>\$ 306,500</u>	<u>\$ 49,165</u>	

- (1) Includes three acute care facilities.
(2) Freestanding emergency room.

Disposals

2015 Activity

On July 30, 2015, we sold a long-term acute care facility in Luling, Texas for approximately \$9.7 million, resulting in a gain of \$1.5 million. Due to this sale, we wrote off \$0.9 million of straight-line receivables. On August 5, 2015, we sold six wellness centers in the United States for total proceeds of approximately \$9.5 million (of which \$1.5 million is in the form of a promissory note), resulting in a gain of \$1.7 million. Due to this sale, we wrote off \$0.9 million of billed rent receivables. With these disposals, we accelerated the amortization of the related lease intangible assets resulting in approximately \$0.7 million of additional expense.

The sale of the Luling facility and the six wellness centers were not strategic shifts in our operations, and therefore the results of operations related to these facilities have not been reclassified as discontinued operations.

2014 Activity

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

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

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

2013 Activity

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

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

Intangible Assets

At December 31, 2015 and 2014, our intangible lease assets were \$257.0 million (\$231.7 million, net of accumulated amortization) and \$108.9 million (\$87.7 million, net of accumulated amortization), respectively.

We recorded amortization expense related to intangible lease assets of \$9.1 million, \$7.0 million, and \$4.0 million in 2015, 2014, and 2013, respectively, and expect to recognize amortization expense from existing lease intangible assets as follows: (amounts in thousands)

For the Year Ended December 31:	
2016	\$10,204
2017	10,194
2018	10,133
2019	10,085
2020	9,882

As of December 31, 2015, capitalized lease intangibles have a weighted average remaining life of 24.0 years.

Leasing Operations

All of our leases are accounted for as operating leases except we are accounting for 15 Ernest facilities, five Prime facilities, and four Capella facilities as DFLs. The components of our net investment in DFLs consisted of the following (dollars in thousands):

	As of December 31, 2015	As of December 31, 2014
Minimum lease payments receivable	\$ 2,587,912	\$ 1,607,024
Estimated residual values	393,097	211,888
Less unearned income	(2,354,013)	(1,379,396)
Net investment in direct financing leases	<u>\$ 626,996</u>	<u>\$ 439,516</u>

Minimum rental payments due to us in future periods under operating leases and DFLs, which have non-cancelable terms extending beyond one year at December 31, 2015, are as follows: (amounts in thousands)

	Total Under Operating Leases	Total Under DFLs	Total
2016	\$ 295,839	\$ 65,097	\$ 360,936
2017	297,671	66,399	364,070
2018	299,662	67,727	367,389
2019	301,040	69,081	370,121
2020	301,460	70,463	371,923
Thereafter	4,847,165	2,039,146	6,886,311
	<u>\$ 6,342,837</u>	<u>\$ 2,377,913</u>	<u>\$ 8,720,750</u>

Hoboken Facility

In the 2015 third quarter, a subsidiary of the operator of our Hoboken facility acquired 10% of our subsidiary that owns the real estate for \$5 million, which is reflected in the non-controlling interest line of our consolidated balance sheet at December 31, 2015.

[Table of Contents](#)[Index to Financial Statements](#)Twelve Oaks Facility

In the third quarter of 2015, we sent notice of termination of the lease to the tenant at our Twelve Oaks facility. As a result of the lease terminating, we recorded a charge of \$1.9 million to reserve against the straight-line rent receivables. In addition, we accelerated the amortization of the related lease intangible asset resulting in \$0.5 million of additional expense during 2015. At December 31, 2015, we have approximately \$1 million of exposure outstanding with this tenant, but we received \$0.8 million in payments subsequent to year-end. In addition, we have a letter of credit for approximately \$0.5 million to cover any rent and other monetary payments not paid. Although no assurances can be made that we will not have any impairment charges or write-offs of receivables in the future, we believe our investment in Twelve Oaks at December 31, 2015 is fully recoverable.

Monroe Facility

During 2014, the previous operator of our Monroe facility continued to underperform and became further behind on payments to us as required by the real estate lease agreement and working capital loan agreement. In August 2014, this operator filed for bankruptcy. Based on these developments and the fair value of our real estate and the underlying collateral of our loan (using Level 2 inputs), we recorded a \$47.0 million impairment charge in 2014.

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

Florence Facility

On March 6, 2013, the tenant of our facility in Phoenix, Arizona filed for Chapter 11 bankruptcy. At December 31, 2015, we have approximately \$0.9 million of receivables outstanding, but the tenant continues to pay us in accordance with bankruptcy orders. In addition, we have a letter of credit for approximately \$1.2 million to cover any rent and other monetary payments not paid. Although no assurances can be made that we will not have any impairment charges in the future, we believe our investment in Florence of \$26.7 million at December 31, 2015, is fully recoverable.

Loans

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

	As of December 31, 2015		As of December 31, 2014	
	Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate
Mortgage loans	\$ 757,581	9.5%	\$ 397,594	10.5%
Acquisition loans	610,469	9.1%	525,136	9.3%
Working capital and other loans	54,353	10.2%	48,031	10.4%
	<u>\$1,422,403</u>		<u>\$970,761</u>	

Our mortgage loans cover 14 of our properties with four operators. The increase in mortgage loans relates to the two loans for \$210 million made to Capella with the remainder to Prime — See “2015 Activity” under the Acquisition section for more details.

Other loans typically consist of loans to our tenants for acquisitions and working capital purposes. At December 31, 2015, acquisition loans include our \$114.4 million of loans to Ernest plus \$487.7 million related to the Capella transaction. The new Capella acquisition loans more than offset the MEDIAN loans that were converted to real estate in 2015 — See “2015 Activity” under the Acquisition section for more details.

On March 1, 2012, pursuant to our convertible note agreement, we converted \$1.7 million of our \$5.0 million convertible note into a 9.9% equity interest in the operator of our Hoboken University Medical Center facility. At December 31, 2015, \$3.3 million remains outstanding on the convertible note, and we retain the option to convert this remainder into an additional 15.1% equity interest in the operator.

Concentration of Credit Risks

Investments and Revenue by Operator

As of December 31, 2015:

(Dollar amounts in thousands)

<u>Operators</u>	<u>Total Assets</u>	<u>Percentage of Total Assets</u>	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
Prime	\$1,032,353	18.4%	\$104,325	23.6%
Capella	1,015,914	18.1%	28,567	6.4%
MEDIAN	978,529	17.4%	78,540	17.8%
Ernest	569,375	10.2%	61,988	14.0%

As of December 31, 2014:

(Dollar amounts in thousands)

<u>Operators</u>	<u>Total Assets</u>	<u>Percentage of Total Assets</u>	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
Prime	\$ 749,553	20.1%	\$ 84,038	26.9%
MEDIAN	707,437	19.0%	23,663	7.6%
Ernest	486,758	13.1%	57,315	18.3%

Investments and Revenue by U.S. State and Country

As of December 31, 2015:

(Dollar amounts in thousands)

<u>U.S. States and Other Countries</u>	<u>Total Assets</u>	<u>Percentage of Total Assets</u>	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
Texas	\$ 917,314	16.4%	\$ 87,541	19.8%
California	547,085	9.8%	66,120	15.0%
Germany	978,529	17.4%	78,540	17.8%
Italy, Spain, and the U.K.	152,661	2.7%	4,476	1.0%

As of December 31, 2014:

(Dollar amounts in thousands)

<u>U.S. States and Other Countries</u>	<u>Total Assets</u>	<u>Percentage of Total Assets</u>	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
Texas	\$ 776,017	20.9%	\$ 74,044	23.7%
California	547,098	14.7%	64,268	20.5%
Germany	707,437	19.0%	23,663	7.6%
U.K.	44,005	1.2%	2,322	0.7%

On an individual property basis, we had no investment of any single property greater than 2% of our total assets as of December 31, 2015.

From a global geographic perspective, approximately 80% of our total assets are in the United States while 20% reside in Europe as of December 31, 2015 and 2014. Revenue from our European investments was \$83.0 million and \$26.0 million in 2015 and 2014, respectively.

Related Party Transactions

Lease and interest revenue earned from tenants in which we have an equity interest in were \$215.4 million, \$101.8 million and \$70.0 million in 2015, 2014 and 2013, respectively.

4. Debt

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

	As of December 31, 2015		As of December 31, 2014	
	Balance	Interest Rate	Balance	Interest Rate
Revolving credit facility	\$1,100,000	Variable	\$ 593,490	Variable
2006 Senior Unsecured Notes	125,000	Various	125,000	Various
2011 Senior Unsecured Notes	450,000	6.875%	450,000	6.875%
2012 Senior Unsecured Notes:				
Principal amount	350,000	6.375%	350,000	6.375%
Unamortized premium	2,168		2,522	
	352,168		352,522	
2013 Senior Unsecured Notes(A)	217,240	5.75%	241,960	5.75%
2014 Senior Unsecured Notes	300,000	5.50%	300,000	5.50%
2015 Senior Unsecured Notes(A)	543,100	4.00%	—	—
Term loans	263,400	Various	138,682	Various
	\$3,350,908		\$2,201,654	
Debt issue costs, net	(28,367)		(27,006)	
	<u>\$3,322,541</u>		<u>\$2,174,648</u>	

As of December 31, 2015, principal payments due on our debt (which exclude the effects of any discounts, premiums, or debt issue costs recorded) are as follows:

2016	\$ 125,299
2017	320
2018	1,112,781
2019	250,000
2020	217,240
Thereafter	1,643,100
Total	<u>\$3,348,740</u>

(A) These notes are Euro-denominated and reflect the exchange rates at December 31, 2015 and 2014, respectively.

Revolving Credit Facility

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

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

On August 4, 2015, we entered into an amendment to our Revolving credit facility and Term Loan agreement to increase the current aggregate committed size to \$1.25 billion and amend certain covenants in order to permit us to consummate and finance the acquisition of Capella.

On September 30, 2015, we further amended our Credit Facility to, among other things, increase the aggregate commitment under our Revolving credit facility to \$1.3 billion and increase the Term Loan portion to \$250 million. In addition, this amendment includes a new accordion feature that allows us to expand our credit facility by another \$400 million for a total commitment of \$1.95 billion. This amendment resulted in a \$0.1 million expense in the 2015 third quarter.

The Revolving credit facility matures in June 2018 and can be extended for an additional 12 months at our option. The Revolving credit facility's interest rate was originally set as (1) the higher of the "prime rate", federal funds rate plus 0.50%, or Eurodollar rate plus 1.00%, plus a spread that was adjustable from 0.70% to 1.25% based on current total leverage, or (2) LIBOR plus a spread that was adjustable from 1.70% to 2.25% based on current total leverage. In addition to interest expense, we were required to pay a quarterly commitment fee on the undrawn portion of the revolving credit facility, ranging from 0.25% to 0.35% per year.

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

At December 31, 2015 and 2014, we had \$1.1 billion and \$593.5 million, respectively, outstanding on the Revolving credit facility.

At December 31, 2015, our availability under our Revolving credit facility was \$200 million. The weighted average interest rate on this facility was 1.7% and 2.2% for 2015 and 2014, respectively.

2015 Senior Unsecured Notes

On August 19, 2015, we completed a €500 million senior unsecured notes offering ("2015 Senior Unsecured Notes"), proceeds of which were used to repay Euro-denominated borrowings under our Revolving credit facility and to fund our European investments. Interest on the notes will be payable annually on August 19 of each year, commencing on August 19, 2016. The 2015 Senior Unsecured Notes will pay interest in cash at a rate of 4.00% per year. The notes mature on August 19, 2022. We may redeem some or all of the 2015 Senior Unsecured Notes at any time. If the notes are redeemed prior to 90 days before maturity, the redemption price will be 100% of their principal amount, plus a make-whole premium, plus accrued and unpaid interest to, but excluding, the applicable redemption date. Within the period beginning on or after 90 days before maturity, the notes may be redeemed, in whole or in part, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest to, but excluding, the applicable redemption date. The 2015 Senior Unsecured Notes are fully and unconditionally guaranteed on an unsecured basis by the Company. In the event of a change of control, each holder of the notes may require us to repurchase some or all of our notes at a repurchase price equal to 101% of the aggregate principal amount of the notes plus accrued and unpaid interest to the date of the purchase.

2014 Senior Unsecured Notes

On April 17, 2014, we completed a \$300 million senior unsecured notes offering ("2014 Senior Unsecured Notes"). Interest on the notes is payable semi-annually on May 1 and November 1 of each year. The 2014 Senior Unsecured Notes pay interest in cash at a rate of 5.50% per year. The notes mature on May 1, 2024. We may redeem some or all of the 2014 Senior Unsecured Notes at any time prior to May 1, 2019 at a "make-whole" redemption price. On or after May 1, 2019, we may redeem some or all of the notes at a premium that will decrease over time. In addition, at any time prior to May 1, 2017, we may redeem up to 35% of the aggregate

principal amount of the 2014 Senior Unsecured Notes using the proceeds of one or more equity offerings. In the event of a change of control, each holder of the 2014 Senior Unsecured Notes may require us to repurchase some or all of our 2014 Senior Unsecured Notes at a repurchase price equal to 101% of the aggregate principal amount of the 2014 Senior Unsecured Notes plus accrued and unpaid interest to the date of purchase.

2013 Senior Unsecured Notes

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

2012 Senior Unsecured Notes

On February 17, 2012, we completed a \$200 million offering of senior unsecured notes (“2012 Senior Unsecured Notes”) (resulting in net proceeds of \$196.5 million, after underwriting discount). On August 20, 2013, we completed a \$150 million tack on to the notes (resulting in net proceeds of \$150.4 million, after underwriting discount). These 2012 Senior Unsecured Notes accrue interest at a fixed rate of 6.375% per year and mature on February 15, 2022. The 2013 tack on offering, was issued at a premium (price of 102%), resulting in an effective rate of 5.998%. Interest on these notes is payable semi-annually on February 15 and August 15 of each year. We may redeem some or all of the 2012 Senior Unsecured Notes at any time prior to February 15, 2017 at a “make-whole” redemption price. On or after February 15, 2017, we may redeem some or all of the 2012 Senior Unsecured Notes at a premium that will decrease over time, plus accrued and unpaid interest to, but not including, the redemption date. In the event of a change of control, each holder of the 2012 Senior Unsecured Notes may require us to repurchase some or all of its 2012 Senior Unsecured Notes at a repurchase price equal to 101% of the aggregate principal amount plus accrued and unpaid interest to the date of purchase.

2011 Senior Unsecured Notes

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

2006 Senior Unsecured Notes

During 2006, we issued \$125.0 million of Senior Unsecured Notes (the “2006 Senior Unsecured Notes”). The 2006 Senior Unsecured Notes were placed in private transactions exempt from registration under the

Securities Act. One of the issuances of the 2006 Senior Unsecured Notes totaling \$65.0 million pays interest quarterly at a floating annual rate of three-month LIBOR plus 2.30% and can be called at par value by us at any time. This portion of the 2006 Senior Unsecured Notes matures in July 2016. The remaining issuances of 2006 Senior Unsecured Notes pays interest quarterly at a floating annual rate of three-month LIBOR plus 2.30% and can also be called at par value by us at any time. These remaining notes mature in October 2016.

During the second quarter 2010, we entered into an interest rate swap to manage our exposure to variable interest rates by fixing \$65 million of our \$125 million 2006 Senior Unsecured Notes, which started July 31, 2011 (date on which the interest rate turned variable) through maturity date (or July 2016), at a rate of 5.507%. We also entered into an interest rate swap to fix \$60 million of our 2006 Senior Unsecured Notes which started October 31, 2011 (date on which the related interest rate turned variable) through the maturity date (or October 2016) at a rate of 5.675%. At December 31, 2015 and 2014, the fair value of the interest rate swaps was \$2.9 million and \$6.0 million, respectively, which is reflected in accounts payable and accrued expenses on the consolidated balance sheets.

We account for our interest rate swaps as cash flow hedges. Accordingly, the effective portion of changes in the fair value of our swaps is recorded as a component of accumulated other comprehensive income/loss on the balance sheet and reclassified into earnings in the same period, or periods, during which the hedged transactions effects earnings, while any ineffective portion is recorded through earnings immediately. We did not have any hedge ineffectiveness from inception of our interest rate swaps through December 31, 2015 and therefore, there was no income statement effect recorded during the years ended December 31, 2015, 2014, and 2013. We do expect the current losses included in accumulated other comprehensive loss to be reclassified into earnings between now and the maturity of the related debt in July and October 2016. At December 31, 2015 and 2014, we have posted \$1.7 million and \$3.3 million of collateral related to our interest rate swaps, respectively, which is reflected in other assets on our consolidated balance sheets.

Term Loans

As noted previously under the Revolving Credit Facility section, we closed on the Term Loan for \$125 million in the second quarter of 2014. Furthermore, as noted above, we amended the credit facility to increase the Term Loan portion to \$250 million in the third quarter of 2015. The Term Loan matures in June 2019. The Term Loan's initial interest rate was (1) the higher of the "prime rate", federal funds rate plus 0.50%, or Eurodollar rate plus 1.00%, plus a spread that was adjustable from 0.60% to 1.20% based on current total leverage, or (2) LIBOR plus a spread that was adjustable from 1.60% to 2.20% based on current total leverage. With the upgrade to our credit rating as discussed above, the Term Loan's interest rate, effective December 10, 2014, improved to (1) the higher of the "prime rate", federal funds rate plus 0.50%, or Euro dollar rate plus 1.00% plus a fixed spread of 0.65%, or (2) LIBOR plus a fixed spread of 1.65%. At December 31, 2015 and 2014, the interest rate in effect on the Term Loan was 2.05% and 1.82%, respectively.

In connection with our acquisition of the Northland LTACH Hospital on February 14, 2011, we assumed a \$14.6 million mortgage. The Northland mortgage loan requires monthly principal and interest payments based on a 30-year amortization period. The Northland mortgage loan has a fixed interest rate of 6.2%, matures on January 1, 2018 and can be prepaid, subject to a certain prepayment premium. At December 31, 2015, the remaining balance on this term loan was \$13.4 million. The loan is collateralized by the real estate of the Northland LTACH Hospital, which had a net book value of \$16.9 million and \$17.5 million at December 31, 2015 and 2014, respectively.

Other Financing

On July 27, 2015, we received a commitment to provide a senior unsecured bridge loan facility in the original principal amount of \$1.0 billion to fund the acquisition of Capella pursuant to a commitment letter from JPMorgan Chase Bank, N.A. and Goldman, Sachs & Co. Funding under the bridge facility was not necessary as we funded the acquisition through a combination of an equity issuance and other borrowings. We incurred and

expensed certain customary structuring and underwriting fees of \$3.9 million in the 2015 third quarter related to the bridge commitment.

Covenants

Our debt facilities impose certain restrictions on us, including restrictions on our ability to: incur debts; create or incur liens; provide guarantees in respect of obligations of any other entity; make redemptions and repurchases of our capital stock; prepay, redeem or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate or other assets; and change our business. In addition, the credit agreements governing our Credit Facility limit the amount of dividends we can pay as a percentage of normalized adjusted funds from operations, as defined in the agreements, on a rolling four quarter basis. At December 31, 2015, the dividend restriction was 95% of normalized adjusted FFO. The indentures governing our senior unsecured notes also limit the amount of dividends we can pay based on the sum of 95% of funds from operations, proceeds of equity issuances and certain other net cash proceeds. Finally, our senior unsecured notes require us to maintain total unencumbered assets (as defined in the related indenture) of not less than 150% of our unsecured indebtedness.

In addition to these restrictions, the Credit Facility contains customary financial and operating covenants, including covenants relating to our total leverage ratio, fixed charge coverage ratio, secured leverage ratio, consolidated adjusted net worth, unsecured leverage ratio, and unsecured interest coverage ratio. This Credit 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 Credit Facility, the entire outstanding balance may become immediately due and payable. At December 31, 2015, we were in compliance with all such financial and operating covenants.

At December 31, 2015, the total leverage ratio covenant in our Credit Facility was 70% and the unsecured leverage ratio covenant was 77.5%. In June 2016, the total leverage ratio will reset to 60%, and in September 2016, the unsecured leverage ratio will reset to 65%. We expect to comply with these reset leverage requirements by reducing debt through asset sales, retention of cash generated from our monthly rent and interest receipts, and other access to capital through joint ventures, our at-the-market equity offering program and equity offerings. We may also seek to extend the covenant reset dates; however, no assurances can be made that such extensions will be approved by our lenders. If an event of default occurs and is continuing under the Credit Facility, the entire outstanding balance may become immediately due and payable which could have a material adverse impact to the Company.

5. Income Taxes

Medical Properties Trust, Inc.

We have maintained and intend to maintain our election as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of our taxable income to our stockholders. As a REIT, we generally will not be subject to federal income tax if we distribute 100% of our taxable income to our stockholders and satisfy certain other requirements. Income tax is paid directly by our stockholders on the dividends distributed to them. If our taxable income exceeds our dividends in a tax year, REIT tax rules allow us to designate dividends from the subsequent tax year in order to avoid current taxation on undistributed income. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates, including any applicable alternative minimum tax. Taxable income from non-REIT activities managed through our taxable REIT subsidiaries is subject to applicable United States federal, state and local income taxes. Our international subsidiaries are also subject to income taxes in the jurisdictions in which they operate.

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

	For the years ended December 31,		
	2015	2014	2013
Current income tax expense:			
Domestic	\$ 147	\$ 114	\$ 358
Foreign	1,614	225	158
	<u>1,761</u>	<u>339</u>	<u>516</u>
Deferred income tax (benefit) expense:			
Domestic	(360)	(23)	210
Foreign	102	24	—
	<u>(258)</u>	<u>1</u>	<u>210</u>
Income tax expense	<u>\$ 1,503</u>	<u>\$ 340</u>	<u>\$ 726</u>

The foreign provision (benefit) for income taxes is based on foreign loss before income taxes of \$29.4 million in 2015 as compared with foreign loss before income taxes of \$7.5 million in 2014, and foreign loss before income taxes of \$12.9 million in 2013.

The domestic provision (benefit) for income taxes is based on income before income taxes of \$7.1 million in 2015 from our taxable REIT subsidiaries as compared with loss before income taxes of \$20.9 million in 2014 from our taxable REIT subsidiaries, and income before income taxes of \$7.6 million in 2013 from our taxable REIT subsidiaries.

At December 31, 2015 and 2014, components of our deferred tax assets and liabilities were as follows (in thousands):

	2015	2014
Deferred tax liabilities:		
Property and equipment	\$ (1,636)	\$ —
Unbilled rent	(4,495)	(2,070)
Partnership investments	(3,362)	(3,468)
Other	(6,141)	(3,759)
Total deferred tax liabilities	<u>\$ (15,634)</u>	<u>\$ (9,297)</u>
Deferred tax assets:		
Operating loss and interest deduction carry forwards	\$ 19,016	\$ 19,546
Property and equipment	—	2,373
Other	10,314	3,971
Total deferred tax assets	<u>29,330</u>	<u>25,890</u>
Valuation allowance	<u>(23,005)</u>	<u>(16,831)</u>
Total net deferred tax assets	<u>\$ 6,325</u>	<u>\$ 9,059</u>
Net deferred tax (liability)	<u>\$ (9,309)</u>	<u>\$ (238)</u>

At December 31, 2015, we had U.S. federal and state NOLs of \$41.4 million and \$107.7 million, respectively, that expire in 2021 through 2034. At December 31, 2015, we had foreign NOLs of \$10.8 million that may be carried forward indefinitely.

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At December 31, 2015, we had U.S. federal alternative minimum tax credits of \$0.3 million that may be carried forward indefinitely. At December 31, 2015, we had U.S. federal foreign tax credits of \$0.6 million that expire in 2025.

In 2015, our valuation allowance increased by \$6.2 million as a result of book losses sustained by our foreign subsidiaries as the result of significant acquisition expenses incurred. We believe (based on cumulative losses and potential of future taxable income) that we should reserve for our net deferred tax assets. We will continue to monitor this valuation allowance and, if circumstances change (such as entering into new transactions including working capital loans, equity investments, etc.), we will adjust this valuation allowance accordingly.

A reconciliation of the income tax expense at the statutory income tax rate and the effective tax rate for income from continuing operations before income taxes for the years ended December 31, 2015, 2014, and 2013 is as follows (in thousands):

	2015	2014	2013
Income from continuing operations (before-tax)	\$141,430	\$ 51,138	\$ 90,027
Income tax at the US statutory federal rate (35%)	49,501	17,898	31,509
Increase (decrease) resulting from:			
Rate differential	5,047	1,145	2,380
State income taxes, net of federal benefit	(601)	(337)	271
Dividends paid deduction	(57,109)	(27,873)	(33,345)
Change in valuation allowance	6,174	8,988	(697)
Other items, net	(1,509)	519	608
Total income tax expense	<u>\$ 1,503</u>	<u>\$ 340</u>	<u>\$ 726</u>

We have met the annual REIT distribution requirements by payment of at least 90% of our estimated taxable income in 2015, 2014, and 2013. Earnings and profits, which determine the taxability of such distributions, will differ from net income reported for financial reporting purposes due primarily to differences in cost basis, differences in the estimated useful lives used to compute depreciation, and differences between the allocation of our net income and loss for financial reporting purposes and for tax reporting purposes.

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

	For the Years Ended December 31,		
	2015	2014	2013
Common share distribution	\$0.870000	\$0.840000	\$0.800000
Ordinary income	0.769535	0.520692	0.599384
Capital gains(1)	—	0.000276	0.046380
Unrecaptured Sec. 1250 gain	—	0.000276	0.026512
Return of capital	0.100465	0.319032	0.154236
Allocable to next year	—	—	—

(1) Capital gains include unrecaptured Sec. 1250 gains.

MPT Operating Partnership, L.P.

As a partnership, the allocated share of income of the Operating Partnership is included in the income tax returns of the general and limited partners. Accordingly, no accounting for income taxes is generally required for such income of the Operating Partnership. However, the Operating Partnership has formed taxable REIT subsidiaries on behalf of Medical Properties Trust, Inc., which are subject to federal, state and local income taxes at regular corporate rates, and its international subsidiaries are subject to income taxes in the jurisdictions in which they operate. See discussion above under Medical Properties Trust, Inc. for more details of income taxes associated with our taxable REIT subsidiaries and international operations.

6. Earnings Per Share/Unit

Medical Properties Trust, Inc.

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

	For the Years Ended December 31,		
	2015	2014	2013
Numerator:			
Income from continuing operations	\$ 139,927	\$ 50,798	\$ 89,301
Non-controlling interests' share in continuing operations	(329)	(274)	(224)
Participating securities' share in earnings	(1,029)	(894)	(729)
Income from continuing operations, less participating securities' share in earnings	138,569	49,630	88,348
Income (loss) from discontinued operations attributable to MPT common stockholders	—	(2)	7,914
Net income, less participating securities' share in earnings	<u>\$ 138,569</u>	<u>\$ 49,628</u>	<u>\$ 96,262</u>
Denominator:			
Basic weighted-average common shares	217,997	169,999	151,439
Dilutive potential common shares	307	541	1,159
Diluted weighted-average common shares	<u>218,304</u>	<u>170,540</u>	<u>152,598</u>

MPT Operating Partnership, L.P.

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

	For the Years Ended December 31,		
	2015	2014	2013
Numerator:			
Income from continuing operations	\$ 139,927	\$ 50,798	\$ 89,301
Non-controlling interests' share in continuing operations	(329)	(274)	(224)
Participating securities' share in earnings	(1,029)	(894)	(729)
Income from continuing operations, less participating securities' share in earnings	138,569	49,630	88,348
Income (loss) from discontinued operations attributable to MPT Operating Partnership partners	—	(2)	7,914
Net income, less participating securities' share in earnings	<u>\$ 138,569</u>	<u>\$ 49,628</u>	<u>\$ 96,262</u>
Denominator:			
Basic weighted-average units	217,997	169,999	151,439
Dilutive potential units	307	541	1,159
Diluted weighted-average units	<u>218,304</u>	<u>170,540</u>	<u>152,598</u>

7. Stock Awards

Stock Awards

Our Equity Incentive Plan authorizes the issuance of common stock options, restricted stock, restricted stock units, deferred stock units, stock appreciation rights, performance units and awards of interests in our Operating Partnership. Our Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. We have reserved 8,196,770 shares of common stock for awards under the Equity Incentive Plan and 5,605,272 shares remain available for future stock awards as of December 31, 2015. The Equity Incentive Plan contains a limit of 5,000,000 shares as the maximum number of shares of common stock that may be awarded to an individual in any fiscal year. Awards under the Equity Incentive Plan are subject to forfeiture due to termination of employment prior to vesting. In the event of a change in control, outstanding and unvested options will immediately vest, unless otherwise provided in the participant's award or employment agreement, and restricted stock, restricted stock units, deferred stock units and other stock-based awards will vest if so provided in the participant's award agreement. The term of the awards is set by the Compensation Committee, though Incentive Stock Options may not have terms of more than ten years. Forfeited awards are returned to the Equity Incentive Plan and are then available to be re-issued as future awards. For each share of common stock issued by Medical Properties Trust, Inc. pursuant to its Equity Incentive Plan, the Operating Partnership issues a corresponding number of Operating Partnership units.

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

Restricted Equity Awards

These stock-based awards are in the form of service-based awards and performance-based awards. The service-based awards vest as the employee provides the required service (typically three to five years). Service based awards are valued at the average price per share of common stock on the date of grant. In 2015, 2014, and 2013, the Compensation Committee granted performance – based awards to employees which vest based on us achieving certain total shareholder returns or comparisons of our total shareholder returns to peer total return indices. Generally, dividends are not paid on these performance awards until the award is earned. See below for details of such grants:

2015 performance awards — The 2015 performance awards were granted in three parts:

- 1) Approximately 40% of the 2015 performance awards were based on us achieving a simple 9.0% annual total shareholder return. For the three-year period from January 1, 2015 through December 31, 2017, one-third of the awards will be earned annually if a 9.0% total shareholder return is achieved. If total shareholder return does not reach 9.0% in a particular year, shares for that year can be earned in a future period (during the three-year period) if the cumulative total shareholder return is equal to or greater than a 9.0% annual return for such cumulative period. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 1.1%; expected volatility of 20%; expected dividend yield of 7.2%; and expected service period of 3 years.
- 2) Approximately 30% of the 2015 performance awards were based on us achieving a cumulative total shareholder return from January 1, 2015 to December 31, 2017. The minimum total shareholder return needed to earn a portion of this award is 27.0% with 100% of the award earned if our total shareholder return reaches 35.0%. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2017, 2018 and 2019. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 1.1%; expected volatility of 20%; expected dividend yield of 7.2%; and expected service period of 5 years.
- 3) The remainder of the 2015 performance awards will be earned if our total shareholder return outpaces that of the MSCI U.S. REIT Index ("Index") over the cumulative period from January 1, 2015 to December 31, 2017. Our total shareholder return must exceed that of the Index to earn the

minimum number of shares under this award, while it must exceed the Index by 6% to earn 100% of the award. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2017, 2018 and 2019. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 1.1%; expected volatility of 20%; expected dividend yield of 7.2%; and expected service period of 5 years.

No 2015 performance awards were earned and vested in 2015; 4,500 performance awards were forfeited in 2015. At December 31, 2015, we have 867,388 of 2015 performance awards remaining to be earned.

2014 performance awards — The 2014 performance awards were granted in three parts:

- 1) Approximately 40% of the 2014 performance awards were based on us achieving a simple 9.0% annual total shareholder return. For the five-year period from January 1, 2014 through December 31, 2018, one-third of the awards will be earned annually (until the award is fully earned) if a 9.0% total shareholder return is achieved. If total shareholder return does not reach 9.0% in a particular year, shares for that year can be earned in a future period (during the five-year period) if the cumulative total shareholder return is equal to or greater than a 9.0% annual return for such cumulative period. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 1.7%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 3 years.
- 2) Approximately 30% of the 2014 performance awards were based on us achieving a cumulative total shareholder return from January 1, 2014 to December 31, 2016. The minimum total shareholder return needed to earn a portion of this award is 27.0% with 100% of the award earned if our total shareholder return reaches 35.0%. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2016, 2017 and 2018. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.8%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 5 years.
- 3) The remainder of the 2014 performance awards will be earned if our total shareholder return outpaces that of the Index over the cumulative period from January 1, 2014 to December 31, 2016. Our total shareholder return must exceed that of the Index to earn the minimum number of shares under this award, while it must exceed the Index by 6% to earn 100% of the award. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2016, 2017 and 2018. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.8%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 5 years.

There were 108,261 of the 2014 performance awards earned and vested in 2014, but none in 2015. At December 31, 2015, we have 771,897 of the 2014 performance awards remaining to be earned.

2013 performance awards — The 2013 performance awards were granted in three parts:

- 1) Approximately 27% of the 2013 performance awards were based on us achieving a simple 8.5% annual total shareholder return. For the five-year period from January 1, 2013 through December 31, 2017, one-third of the awards will be earned annually (until the award is fully earned) if an 8.5% total shareholder return is achieved. If total shareholder return does not reach 8.5% in a particular year, shares for that year can be earned in a future period (during the five-year period) if the cumulative total shareholder return is equal to or greater than an 8.5% annual return for such cumulative period. None of these shares may be sold for two years after they have vested. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.72%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 3 years.

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- 2) Approximately 36% of the 2013 performance awards were based on us achieving a cumulative total shareholder return from January 1, 2013 to December 31, 2015. The minimum total shareholder return needed to earn a portion of this award is 25.5% with 100% of the award earned if our total shareholder return reaches 33.5%. If any shares were earned from this award, the shares were to vest in equal annual amounts on December 31, 2015, 2016 and 2017. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.38%; expected volatility of 28%; expected dividend yield of 8.0%; and expected service period of 5 years.
- 3) The remainder of the 2013 performance awards were to be earned if our total shareholder return outpaced that of the Index over the cumulative period from January 1, 2013 to December 31, 2015. Our total shareholder return must exceed that of the Index to earn the minimum number of shares under this award, while it must exceed the Index by 6% to earn 100% of the award. If any shares were earned from this award, the shares would vest in equal annual amounts on December 31, 2015, 2016 and 2017. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.38%; expected volatility of 28%; expected dividend yield of 8.0%; and expected service period of 5 years.

In 2014 and 2013, 80,293 and 68,086 shares, respectively, under the 2013 performance awards were earned and vested. No performance awards were earned in 2015, and 550,000 shares were forfeited as the three-year cumulative hurdle from January 1, 2013 to December 31, 2015 was not met. At December 31, 2015, we have 74,187 of 2013 performance awards remaining to be earned.

The following summarizes restricted equity award activity in 2015 and 2014 (which includes awards granted in 2015, 2014, 2013, and any applicable prior years), respectively:

For the Year Ended December 31, 2015:

	Vesting Based on Service		Vesting Based on Market/Performance Conditions	
	Shares	Weighted Average Value at Award Date	Shares	Weighted Average Value at Award Date
Nonvested awards at beginning of the year	452,263	\$ 12.11	2,428,518	\$ 5.81
Awarded	407,969	\$ 13.94	871,888	\$ 6.62
Vested	(343,904)	\$ 12.56	(406,970)	\$ 4.94
Forfeited	(6,694)	\$ 13.08	(562,284)	\$ 5.33
Nonvested awards at end of year	<u>509,634</u>	\$ 13.25	<u>2,331,152</u>	\$ 6.38

For the Year Ended December 31, 2014:

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

The value of stock-based awards is charged to compensation expense over the vesting periods. In the years ended December 31, 2015, 2014 and 2013, we recorded \$11.1 million, \$9.2 million, and \$8.8 million, respectively, of non-cash compensation expense. The remaining unrecognized cost from restricted equity awards at December 31, 2015, is \$12.8 million and will be recognized over a weighted average period of 2.3 years. Restricted equity awards which vested in 2015, 2014 and 2013 had a value of \$10.2 million, \$10.2 million, and \$9.2 million, respectively.

8. Commitments and Contingencies

Commitments

Operating leases, in which we are the lessee, primarily consist of ground leases on which certain of our facilities or other related property reside along with corporate office and equipment leases. The ground leases are long-term leases (almost all having terms for approximately 30 years or more), some of which contain escalation provisions and one contains a purchase option. Properties subject to these ground leases are subleased to our tenants. Lease and rental expense (which is recorded on the straight-line method) for 2015, 2014 and 2013, respectively, were \$4.6 million, \$2.3 million, and \$2.3 million, which was offset by sublease rental income of \$2.3 million, \$0.3 million, and \$0.5 million for 2015, 2014, and 2013, respectively.

Fixed minimum payments due under operating leases with non-cancelable terms of more than one year and amounts to be received in the future from non-cancelable subleases at December 31, 2015 are as follows: (amounts in thousands)

	Fixed minimum payments	Amounts to be received from subleases	Net payments
2016	\$ 5,119	\$ (2,477)	\$ 2,642
2017	5,157	(2,502)	2,655
2018	5,125	(2,504)	2,621
2019	4,803	(2,522)	2,281
2020	4,896	(2,621)	2,275
Thereafter	140,049	(130,819)	9,230
	<u>\$165,149</u>	<u>\$ (143,445)</u>	<u>\$21,704</u>

Contingencies

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

9. Common Stock/Partner's Capital

Medical Properties Trust, Inc.

2015 Activity

On August 11, 2015, we completed an underwritten public offering of 28.75 million shares (including the exercise of the underwriters' 30-day option to purchase an additional 3.8 million shares) of our common stock, resulting in net proceeds of approximately \$337 million, after deducting estimated offering expenses.

On August 4, 2015, we filed Articles of Amendment to our charter with the Maryland State Department of Assessments and Taxation increasing the number of authorized shares of common stock, par value \$0.001 per share available for issuance from 250,000,000 to 500,000,000.

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

2014 Activity

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

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

MPT Operating Partnership, L.P.

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

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

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

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

10. Fair Value of Financial Instruments

We have various assets and liabilities that are considered financial instruments. We estimate that the carrying value of cash and cash equivalents, and accounts payable and accrued expenses approximate their fair values. Included in our accounts payable and accrued expenses are our interest rate swaps, which are recorded at fair value based on Level 2 observable market assumptions using standardized derivative pricing models. We estimate the fair value of our interest and rent receivables using Level 2 inputs such as discounting the estimated future cash flows using the current rates at which similar receivables would be made to others with similar credit ratings and for the same remaining maturities. The fair value of our mortgage loans and working capital loans are estimated by using Level 2 inputs such as discounting the estimated future cash flows using the current rates which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. We determine the fair value of our senior unsecured notes (excluding the 2006 Senior Unsecured Notes), using Level 2 inputs such as quotes from securities dealers and market makers. We estimate the fair value of our 2006 Senior Unsecured Notes, revolving credit facility, and term loans using Level 2 inputs based on the present value of future payments, discounted at a rate which we consider appropriate for such debt.

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

Asset (Liability)	December 31, 2015		December 31, 2014	
	Book Value	Fair Value	Book Value	Fair Value
Interest and rent receivables	\$ 46,939	\$ 46,858	\$ 41,137	\$ 41,005
Loans(1)	508,851	543,859	773,311	803,824
Debt, net(2)	(3,322,541)	(3,372,773)	(2,174,648)	(2,258,721)

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

(2) Includes debt issue costs.

Items Measured at Fair Value on a Recurring Basis

Our equity interest in Ernest, Capella and related loans, as discussed in Note 2, are being measured at fair value on a recurring basis as we elected to account for these investments using the fair value option method. We have elected to account for these investments at fair value due to the size of the investments and because we believe this method is more reflective of current values. We have not made a similar election for other equity interests or loans in or prior to 2015.

At December 31, 2015, the amounts recorded under the fair value option method were as follows (in thousands):

Asset (Liability)	Fair Value	Cost	Asset Type Classification
Mortgage loan	\$310,000	\$310,000	Mortgage loans
Acquisition loans	603,552	603,552	Other loans
Equity investment	7,349	7,349	Other assets
	<u>\$920,901</u>	<u>\$920,901</u>	

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At December 31, 2014, the amounts recorded under the fair value option method were as follows (in thousands):

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

Our mortgage loans with Ernest and Capella are recorded at fair value based on Level 2 inputs by discounting the estimated cash flows using the market rates which similar loans would be made to borrowers with similar credit ratings and the same remaining maturities. Our acquisition loans and equity investments in Ernest and Capella are recorded at fair value based on Level 3 inputs, by using a discounted cash flow model, which requires significant estimates of our investee such as projected revenue and expenses and appropriate consideration of the underlying risk profile of the forecast assumptions associated with the investee. We classify these loans and equity investments as Level 3, as we use certain unobservable inputs to the valuation methodology that are significant to the fair value measurement, and the valuation requires management judgment due to the absence of quoted market prices. For these cash flow models, our observable inputs include use of a capitalization rate, discount rate (which is based on a weighted-average cost of capital), and market interest rates, and our unobservable input includes an adjustment for a marketability discount ("DLOM") on our equity investment of 40% at December 31, 2015.

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

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

<u>Basis Point Change in Marketability Discount</u>	<u>Estimated Increase (Decrease) In Fair Value</u>
+100 basis points	\$(122)
- 100 basis points	122

Because the fair value of Ernest and Capella investments noted above approximate their original cost, we did not recognize any unrealized gains/losses during 2015, 2014, or 2013. To date, we have not received any distribution payments from our equity investment in Ernest or Capella.

11. Discontinued Operations

The following table presents the results of discontinued operations, which include the revenue and expenses of facilities disposed of prior to 2014 for the year ended December 31, 2015, 2014, and 2013 (amounts in thousands except per share/unit data):

	For the Years Ended December 31,		
	2015	2014	2013
Revenues	\$—	\$—	\$ 988
Gain on sale	—	—	7,659
Income (loss) from discontinued operations	—	(2)	7,914
Income from discontinued operations — diluted per share/unit	\$—	\$—	\$ 0.05

12. Other Assets

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

	At December 31,	
	2015	2014
Debt issue costs, net(1)	\$ 7,628	\$ 8,318
Equity investments	129,337	47,451
Other corporate assets	31,547	28,197
Prepays and other assets	27,028	11,133
Total other assets	<u>\$195,540</u>	<u>\$95,099</u>

(1) Relates to revolving credit facility

Equity investments have increased over the prior year primarily due to our new investments in the Italy and Spain joint ventures — see Note 3 for further details. Other corporate assets include leasehold improvements associated with our corporate office space, furniture and fixtures, equipment, software, deposits, etc. Included in prepaids and other assets is prepaid insurance, prepaid taxes, goodwill, and lease inducements made to tenants, among other items.

13. Quarterly Financial Data (unaudited)

Medical Properties Trust, Inc.

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 2015 and 2014: (amounts in thousands, except for per share data)

	For the Three Month Periods in 2015 Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 95,961	\$ 99,801	\$ 114,570	\$ 131,546
Income from continuing operations	35,976	22,489	23,123	58,339
Net income	35,976	22,489	23,123	58,339
Net income attributable to MPT common stockholders	35,897	22,407	23,057	58,237
Net income attributable to MPT common stockholders per share — basic	\$ 0.18	\$ 0.11	\$ 0.10	\$ 0.24
Weighted average shares outstanding — basic	202,958	208,071	223,948	237,011
Net income attributable to MPT common stockholders per share — diluted	\$ 0.17	\$ 0.11	\$ 0.10	\$ 0.24
Weighted average shares outstanding — diluted	203,615	208,640	223,948	237,011

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

MPT Operating Partnership, L.P.

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 2015 and 2014: (amounts in thousands, except for per unit data)

	For the Three Month Periods in 2015 Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 95,961	\$ 99,801	\$ 114,570	\$ 131,546
Income from continuing operations	35,976	22,489	23,123	58,339
Net income (loss)	35,976	22,489	23,123	58,339
Net income attributable to MPT Operating Partnership partners	35,897	22,407	23,057	58,237
Net income attributable to MPT Operating Partnership partners per unit — basic	\$ 0.18	\$ 0.11	\$ 0.10	\$ 0.24
Weighted average units outstanding — basic	202,958	208,071	223,948	237,011
Net income attributable to MPT Operating Partnership partners per unit — diluted	\$ 0.17	\$ 0.11	\$ 0.10	\$ 0.24
Weighted average units outstanding — diluted	203,615	208,640	223,948	237,011

	For the Three Month Periods in 2014 Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 73,089	\$ 76,560	\$ 80,777	\$ 82,106
Income (loss) from continuing operations	7,309	(203)	28,663	15,029
Income (loss) from discontinued operations	(2)	—	—	—
Net income (loss)	7,307	(203)	28,663	15,029
Net income attributable to MPT Operating Partnership partners	7,241	(203)	28,537	14,948
Net income attributable to MPT Operating Partnership partners per unit — basic	\$ 0.04	\$ —	\$ 0.16	\$ 0.08
Weighted average units outstanding — basic	163,973	171,718	171,893	172,411
Net income attributable to MPT Operating Partnership partners per unit — diluted	\$ 0.04	\$ —	\$ 0.16	\$ 0.08
Weighted average units outstanding — diluted	164,549	171,718	172,639	172,604

14. Subsequent Events

On February 22, 2016, we completed a \$500 million senior unsecured notes offering, proceeds of which were used to repay borrowings under our Revolving credit facility. Interest on the notes will be payable on March 1 and September 1 of each year, commencing on September 1, 2016. Interest on the notes will be paid in cash at a rate of 6.375% per year. The notes mature on March 1, 2024. We may redeem some or all of the notes at any time prior to March 1, 2019 at a “make whole” redemption price. On or after March 1, 2019, we may redeem some or all of the notes at a premium that will decrease over time. In addition, at any time prior to March 1, 2019, we may redeem up to 35% of the notes at a redemption price equal to 106.375% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, using proceeds from one or more equity offerings. In the event of a change in control, each holder of the notes may require us to repurchase some or all of the notes at a repurchase price equal to 101% of the aggregate principal amount of the notes plus accrued and unpaid interest to the date of purchase.

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

None.

ITEM 9A. Controls and Procedures

Medical Properties Trust, Inc.

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

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

Management of Medical Properties Trust, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

In connection with the preparation of our annual financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2015. The assessment was based upon the framework described in the "Integrated Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") based on criteria established in *Internal Control — Integrated Framework (2013)*. Management's assessment included an evaluation of the design of internal control over financial reporting and testing of the operational effectiveness of internal control over financial reporting. We have reviewed the results of the assessment with the Audit Committee of our Board of Directors.

Based on our assessment under the criteria set forth in COSO, management has concluded that, as of December 31, 2015, Medical Properties Trust, Inc. maintained effective internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2015, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

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

MPT Operating Partnership, L.P.

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

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

Management of MPT Operating Partnership, L.P. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

In connection with the preparation of our annual financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2015. The assessment was based upon the framework described in the "Integrated Control-Integrated Framework" issued by COSO based on criteria established in *Internal Control — Integrated Framework (2013)*. Management's assessment included an evaluation of the design of internal control over financial reporting and testing of the operational effectiveness of internal control over financial reporting. We have reviewed the results of the assessment with the Audit Committee of our Board of Directors.

Based on our assessment under the criteria set forth in COSO, management has concluded that, as of December 31, 2015, MPT Operating Partnership, L.P. maintained effective internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2015, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

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

ITEM 9B. Other Information

None.

PART III

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

The information required by this Item 10 is incorporated by reference to our definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 29, 2016.

ITEM 11. *Executive Compensation*

The information required by this Item 11 is incorporated by reference to our definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 29, 2016.

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

The information required by this Item 12 is incorporated by reference to our definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 29, 2016.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item 13 is incorporated by reference to our definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 29, 2016.

ITEM 14. *Principal Accountant Fees and Services*

The information required by this Item 14 is incorporated by reference to our definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 29, 2016.

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PART IV

ITEM 15. *Exhibits and Financial Statement Schedules*

(a) Financial Statements and Financial Statement Schedules

Index of Financial Statements of Medical Properties Trust, Inc. and MPT Operating Partnership, L.P. which are included in Part II, Item 8 of this Annual Report on Form 10-K:

[Report of Independent Registered Public Accounting Firm](#)

[Medical Properties Trust, Inc.](#)

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[MPT Operating Partnership, L.P.](#)

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Medical Properties Trust, Inc.

[Consolidated Balance Sheets as of December 31, 2015 and 2014](#)

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[Consolidated Statements of Net Income for the Years Ended December 31, 2015, 2014 and 2013](#)

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[Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2014, and 2013](#)

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[Consolidated Statements of Equity for the Years Ended December 31, 2015, 2014 and 2013](#)

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[Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014 and 2013](#)

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MPT Operating Partnership, L.P.

[Consolidated Balance Sheets as of December 31, 2015 and 2014](#)

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[Consolidated Statements of Net Income for the Years Ended December 31, 2015, 2014 and 2013](#)

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[Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2014, and 2013](#)

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[Consolidated Statements of Capital for the Years Ended December 31, 2015, 2014 and 2013](#)

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[Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014, and 2013](#)

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Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.

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[Schedule III — Real Estate and Accumulated Depreciation](#)

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[Schedule IV — Mortgage Loans on Real Estate](#)

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(b) Exhibits

**Exhibit
Number**

Exhibit Title

Exhibit Number	Exhibit Title
3.1(1)	Medical Properties Trust, Inc. Second Articles of Amendment and Restatement
3.2(3)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.3(6)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.4(19)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.5(32)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.6(33)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.

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3.7(2)	Medical Properties Trust, Inc. Second Amended and Restated Bylaws
3.8(32)	Amendment to Second Amended and Restated Bylaws of Medical Properties Trust, Inc.
4.1(1)	Form of Common Stock Certificate
4.2(4)	Indenture, dated July 14, 2006, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and the Wilmington Trust Company, as trustee
4.3(9)	Indenture, dated as of April 26, 2011, Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust Company, as Trustee.
4.4(26)	First Supplemental Indenture to 2011 Indenture, dated as of August 10, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.5(26)	Second Supplemental Indenture to 2011 Indenture, dated as of October 3, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.6(26)	Third Supplemental Indenture to 2011 Indenture, dated as of December 2, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.7(26)	Fourth Supplemental Indenture to 2011 Indenture, dated as of January 19, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.8(26)	Fifth Supplemental Indenture to 2011 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.9(26)	Sixth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.10(26)	Seventh Supplemental Indenture to 2011 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.11(26)	Eighth Supplemental Indenture to 2011 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.12(26)	Ninth Supplemental Indenture to 2011 Indenture, dated as of December 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.13(26)	Tenth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.14(26)	Eleventh Supplemental Indenture to 2011 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.15(26)	Twelfth Supplemental Indenture to 2011 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

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- 4.16(26) Thirteenth Supplemental Indenture to 2011 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.17(31) Fourteenth Supplemental Indenture to 2011 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.18(27) Fifteenth Supplemental Indenture to 2011 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.19(31) Sixteenth Supplemental Indenture to 2011 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.20(20) Indenture, dated as of February 17, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.21(23) First Supplemental Indenture to 2012 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.22(23) Second Supplemental Indenture to 2012 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.23(23) Third Supplemental Indenture to 2012 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.24(23) Fourth Supplemental Indenture to 2012 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.25(23) Fifth Supplemental Indenture to 2012 Indenture, dated as of December 26, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.26(23) Sixth Supplemental Indenture to 2012 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.27(23) Seventh Supplemental Indenture to 2012 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.28(24) Eighth Supplemental Indenture to 2012 Indenture, dated as of August 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.29(26) Ninth Supplemental Indenture to 2012 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
- 4.30(26) Tenth Supplemental Indenture to 2012 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

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4.31(28)	Eleventh Supplemental Indenture to 2012 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.32(27)	Twelfth Supplemental Indenture to 2012 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.33(31)	Thirteenth Supplemental Indenture to 2012 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.34(25)	Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.35(25)	First Supplemental Indenture to 2013 Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.36(26)	Second Supplemental Indenture to 2013 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.37(26)	Third Supplemental Indenture to 2013 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.38(28)	Fourth Supplemental Indenture to 2013 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.39(29)	Fifth Supplemental Indenture to 2013 Indenture, dated as of April 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.40(27)	Sixth Supplemental Indenture to 2013 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.41(31)	Seventh Supplemental Indenture to 2013 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.42(34)	Eighth Supplemental Indenture to 2013 Indenture, dated as of August 19, 2015, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, Wilmington trust, N.A., as Trustee, Deutsche Bank Trust company Americas, as Paying Agent, and Deutsche Bank Luxembourg S.A., as Registrar and Transfer Agent..
10.1(11)	Second Amended and Restated Agreement of Limited Partnership of MPT Operating Partnership, L.P.
10.2(8)	Medical Properties Trust, Inc. 2013 Equity Incentive Plan
10.3(7)	Form of Stock Option Award
10.4(7)	Form of Restricted Stock Award
10.5(7)	Form of Deferred Stock Unit Award

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10.6(1)	Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 10, 2003
10.7(1)	First Amendment to Employment Agreement between Registrant and Edward K. Aldag, Jr., dated March 8, 2004
10.8(1)	Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 10, 2003
10.9(1)	Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 10, 2003
10.10(1)	Form of Indemnification Agreement between Medical Properties Trust, Inc. and executive officers and directors
10.11(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (LTIP Units)
10.12(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (Restricted Shares)
10.13(16)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 29, 2006
10.14(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 29, 2006
10.15(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 29, 2006
10.16(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2008
10.17(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2009
10.18(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Richard S. Hamner, dated January 1, 2008
10.19(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated January 1, 2009
10.20(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2008
10.21(17)	Fourth Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2009
10.22(9)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of April 26, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., KeyBank National Association as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent
10.23(30)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of June 19, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.24(31)	First Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of October 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.

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10.25(35)	Second Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of August 4, 2015, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.26(35)	Third Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of September 30, 2015, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.27(19)	Master Sublease Agreement between certain subsidiaries of MPT Development Services, Inc. as Lessor, and certain subsidiaries of Ernest Health, Inc., as Lessee.
10.28(22)	Master Lease Agreement I between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment and Master Lease Agreement II between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment.
10.29(33)	Form of Master Lease Agreement between certain subsidiaries of MPT Operating Partnership, L.P., as Lessor, and MEDIAN Kliniken S.a.r.l. and certain of its subsidiaries, as Lessee, and related first and second amendments.
10.30*	Master Lease Agreement between certain subsidiaries of MPT Development Services, Inc., as Lessor, and certain subsidiaries of Capella Holdings, Inc., as Lessee.
10.31*	Joinder and Amendment to Master Lease Agreement between certain subsidiaries of MPT Development Services, Inc., as Lessor, and certain subsidiaries of Capella Holdings, Inc., as Lessee.
12.1*	Statement re Computation of Ratios
21.1*	Subsidiaries of Medical Properties Trust, Inc.
23.1*	Consent of PricewaterhouseCoopers LLP
23.2*	Consent of PricewaterhouseCoopers LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
31.3*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
31.4*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Medical Properties Trust, Inc.)
32.2*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (MPT Operating Partnership, L.P.)
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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

* Filed herewith.

- (1) Incorporated by reference to Registrant's Registration Statement on Form S-11 filed with the Commission on October 26, 2004, as amended (File No. 333-119957).
- (2) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on November 24, 2009.
- (3) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2005, filed with the Commission on November 10, 2005.
- (4) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on July 20, 2006.
- (5) Reserved.
- (6) Incorporated by reference to the Registrant's current report on Form 8-K, filed with the Commission on January 13, 2009.
- (7) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on October 18, 2005.
- (8) Incorporated by reference to Registrant's definitive proxy statement on Schedule 14A, filed with the Commission on April 26, 2013.
- (9) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on May 2, 2011.
- (10) Reserved.
- (11) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 6, 2007, as amended by Medical Properties Trust, Inc.'s current report on Form 8-K/A, filed with the Commission on August 15, 2007.
- (12) Reserved.
- (13) Reserved.
- (14) Reserved.
- (15) Reserved.
- (16) Incorporated by reference to Registrant's annual report on Form 10-K/A for the period ended December 31, 2007, filed with the Commission on July 11, 2008.
- (17) Incorporated by reference to Registrant's annual report on Form 10-K for the period ended December 31, 2008, filed with the Commission on March 13, 2009.
- (18) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on June 11, 2010.
- (19) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on January 31, 2012.
- (20) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on February 24, 2012.
- (21) Reserved.
- (22) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on November 9, 2012.
- (23) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's registration statement on Form S-3, filed with the Commission on August 9, 2013.

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- (24) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on August 20, 2013.
- (25) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on October 16, 2013.
- (26) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s annual report on Form 10-K, filed with the Commission on March 3, 2014.
- (27) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on August 11, 2014.
- (28) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's post-effective amendment to registration statement on Form S-3, filed with the Commission on April 10, 2014.
- (29) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on April 23, 2014.
- (30) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on June 25, 2014.
- (31) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s annual report on Form 10-K, filed with the Commission on March 2, 2015.
- (32) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on June 26, 2015.
- (33) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on August 10, 2015.
- (34) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on August 21, 2015.
- (35) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on November 9, 2015.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDICAL PROPERTIES TRUST, INC.

By: /s/ J. Kevin Hanna
J. Kevin Hanna
Vice President, Controller, and Chief Accounting Officer

MPT OPERATING PARTNERSHIP, L.P.

By: /s/ J. Kevin Hanna
J. Kevin Hanna
Vice President, Controller, and Chief Accounting
Officer of the sole member of the general partner of MPT
Operating Partnership, L.P.

Date: February 29, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Edward K. Aldag, Jr.</u> Edward K. Aldag, Jr.	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)	February 29, 2016
<u>/s/ R. Steven Hamner</u> R. Steven Hamner	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)	February 29, 2016
<u>/s/ G. Steven Dawson</u> G. Steven Dawson	Director	February 29, 2016
<u>/s/ Robert E. Holmes, Ph.D.</u> Robert E. Holmes, Ph.D.	Director	February 29, 2016
<u>/s/ Sherry A. Kellett</u> Sherry A. Kellett	Director	February 29, 2016
<u>/s/ William G. McKenzie</u> William G. McKenzie	Director	February 29, 2016
<u>/s/ L. Glenn Orr, Jr.</u> L. Glenn Orr, Jr.	Director	February 29, 2016
<u>/s/ D. Paul Sparks</u> D. Paul Sparks	Director	February 29, 2016

Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.
Schedule II: Valuation and Qualifying Accounts
December 31, 2015

<u>Year Ended December 31,</u>	<u>Balance at</u> <u>Beginning of</u> <u>Year(1)</u>	<u>Additions</u> <u>Charged</u> <u>Against</u> <u>Operations(1)</u>	<u>Deductions</u> <u>Net</u> <u>Recoveries/</u> <u>Writeoffs(1)</u>	<u>Balance at</u> <u>End of Year(1)</u>
			(In thousands)	
2015	\$ 20,129	\$ 8,205(6)	\$ (950)(4)	\$ 27,384
2014	\$ 41,573	\$ 65,512(2)	\$ (86,956)(5)	\$ 20,129
2013	\$ 34,769	\$ 9,397(3)	\$ (2,593)	\$ 41,573

- (1) Includes allowance for doubtful accounts, straight-line rent reserves, allowance for loan losses, tax valuation allowances and other reserves.
- (2) Includes the \$47 million of impairment charges related to the Monroe property, \$9.5 million of rent and interest reserves primarily related to the Monroe property (prior to change in operators — see note 3 to Item 8 of the Form 10-K for further details), and approximately \$9 million increase in the valuation allowance to fully reserve our net deferred tax assets.
- (3) Includes \$4.8 million and \$2.7 million in rent and interest reserves, respectively, related to our Monroe properties along with \$1.9 million to fully reserve for the net deferred tax asset of certain German subsidiaries.
- (4) Writeoffs of rent and interest reserves related to sale of Healthtrax properties.
- (5) Writeoffs of loans and other receivables related to the Monroe facility due to change in operators.
- (6) Includes \$1.5 million of rent and late fee reserves related to our Twelve Oaks facility; \$0.5 million of rent reserves related to our Healthtrax properties; and \$6.2 million to fully reserve our net deferred tax assets.

SCHEDULE III — REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION
December 31, 2015

Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2015			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
Baden-Württemberg, Germany	Rehabilitation hospital	—	9,459	—	—	—	9,459	9,459	493	—	1994	November 30, 2013	40
Saxony, Germany	Rehabilitation hospital	372	20,515	—	—	372	20,515	20,887	1,068	—	1996	November 30, 2013	40
Rhineland-Pflaz, Germany	Rehabilitation hospital	3,175	15,008	—	—	3,175	15,008	18,183	782	—	1960	November 30, 2013	40
Brandenburg, Germany	Rehabilitation hospital	346	17,874	—	—	346	17,874	18,220	931	—	1994	November 30, 2013	40
Hesse, Germany	Rehabilitation hospital	92	5,236	—	—	92	5,236	5,328	273	—	1981	November 30, 2013	40
Hesse, Germany	Rehabilitation hospital	3,078	14,804	—	—	3,078	14,804	17,882	771	—	1977	November 30, 2013	40
Rhineland-Pflaz, Germany	Rehabilitation hospital	—	29,701	—	—	—	29,701	29,701	1,547	—	1992	November 30, 2013	40
Saxony, Germany	Rehabilitation hospital	539	14,943	—	—	539	14,943	15,482	778	—	1904, 1995	November 30, 2013	40
Rhineland-Pflaz, Germany	Rehabilitation hospital	728	6,545	—	—	728	6,545	7,273	341	—	1980	November 30, 2013	40
Rhineland-Pflaz, Germany	Rehabilitation hospital	5,834	16,109	—	—	5,834	16,109	21,943	839	—	1930	November 30, 2013	40
Baden-Württemberg, Germany	Rehabilitation hospital	3,420	5,827	—	—	3,420	5,827	9,247	303	—	1986	November 30, 2013	40
Bavaria, Germany	Rehabilitation hospital	2,204	9,294	194	—	2,204	9,488	11,692	257	—	1974	November 19, 2014	40
Thuringia, Germany	Rehabilitation hospital	1,605	33,913	—	—	1,605	33,913	35,518	989	—	1954, 1992	November 5, 2014	40
Baden-Württemberg, Germany	Rehabilitation hospital	—	11,249	—	—	—	11,249	11,249	305	—	1988, 1995	December 11, 2014	40
Bath, UK	Acute care general hospital	1,747	36,203	—	—	1,747	36,203	37,950	1,358	—	2008, 2009	July 1, 2014	40
Ottenhöfen, Germany	Rehabilitation hospital	2,254	12,681	108	—	2,362	12,681	15,043	162	—	1956/1957	July 3, 2015	40
Bad Berka, Germany	Rehabilitation hospital	3,226	15,046	168	—	3,394	15,046	18,440	161	—	1997	July 22, 2015	40
Wiesbaden, Germany	Rehabilitation hospital	1,608	7,457	38	—	1,646	7,457	9,103	94	—	1974	June 30, 2015	40
Bad Lausick, Germany	Rehabilitation hospital	1,733	15,674	152	—	1,885	15,674	17,559	201	—	1993	June 30, 2015	40
Bad Sülze, Germany	Rehabilitation hospital	2,297	19,814	196	—	2,493	19,814	22,307	254	—	1993	June 30, 2015	40
Kurort Berggießhübel, Germany	Rehabilitation hospital	3,199	15,452	—	—	3,199	15,452	18,651	165	—	1993	July 21, 2015	40
Braunfels, Germany	Acute care general hospital	2,086	13,331	54	—	2,140	13,331	15,471	168	—	1977	June 30, 2015	40
Bernkastel-Kues, Germany	Rehabilitation hospital	3,498	15,191	43	—	3,541	15,191	18,732	159	—	1982	July 15, 2015	40
Flechtingen, Germany	Rehabilitation hospital	2,781	14,036	146	—	2,927	14,036	16,963	180	—	1993	June 30, 2015	40
Flechtingen, Germany	Rehabilitation hospital	2,781	21,989	217	—	2,998	21,989	24,987	282	—	1993-1995	June 30, 2015	40
Nordrach, Germany	Rehabilitation hospital	304	2,910	82	—	386	2,910	3,296	39	—	1960	July 7, 2015	40
Bad Gottleuba, Germany	Rehabilitation hospital	3,259	14,937	863	—	4,122	14,937	19,059	—	—	1913	December 16, 2015	40
Grünheide, Germany	Rehabilitation hospital	8,369	40,596	331	—	8,700	40,596	49,296	432	—	1994/2014	July 31, 2015	40
Baden-Baden, Germany	Rehabilitation hospital	1,271	8,936	125	—	1,396	8,936	10,332	116	—	1900/2002-2003	June 30, 2015	40
Gyhum, Germany	Rehabilitation hospital	3,878	22,165	341	—	4,219	22,165	26,384	288	—	1994	June 30, 2015	40
Hannover, Germany	Rehabilitation hospital	4,073	16,293	—	—	4,073	16,293	20,366	34	—	1900 (renovations in 1997, 2000, 2009)	December 1, 2015	40
Heiligendamm, Germany	Rehabilitation hospital	4,182	26,063	206	—	4,388	26,063	30,451	333	—	1995	June 30, 2015	40
Bad Camberg, Germany	Rehabilitation hospital	2,026	15,447	260	—	2,286	15,447	17,733	202	—	1973	June 30, 2015	40
Hoppegarten, Germany	Rehabilitation hospital	3,894	24,117	239	—	4,133	24,117	28,250	258	—	1994	July 27, 2015	40
Ban Nauheim, Germany	Rehabilitation hospital	3,074	15,529	141	—	3,215	15,529	18,744	199	—	1977	June 30, 2015	40
Kalbe, Germany	Rehabilitation hospital	3,400	22,716	163	—	3,563	22,716	26,279	289	—	1995	July 6, 2015	40
Bad Soden-Salmunster, Germany	Rehabilitation hospital	934	6,482	120	—	1,054	6,482	7,536	85	—	1974	June 30, 2015	40

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Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2015			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
(Amounts in thousands)													
Berlin, Germany	Rehabilitation hospital	1,157	20,767	184	—	1,341	20,767	22,108	221	—	1998	July 16, 2015	40
Bad Lobenstein, Germany	Rehabilitation hospital	3,541	20,079	179	—	3,720	20,079	23,799	257	—	1994	June 30, 2015	40
Bernkastel-Kues, Germany	Rehabilitation hospital	782	11,284	130	—	912	11,284	12,196	145	—	1993	July 14, 2015	40
Magdeburg, Germany	Rehabilitation hospital	14,387	53,369	250	—	14,637	53,369	68,006	563	—	1999/2014	July 22, 2015	40
Schlangenbad, Germany	Rehabilitation hospital	1,048	3,411	266	—	1,314	3,411	4,725	52	—	1973	June 30, 2015	40
Bad Dürrenheim, Germany	Rehabilitation hospital	1,390	11,400	228	—	1,618	11,400	13,018	125	—	1960-1970	July 24, 2015	40
Bad Krozingen, Germany	Rehabilitation hospital	1,472	10,733	114	—	1,586	10,733	12,319	115	—	2008	July 24, 2015	40
Bad Nauheim, Germany	Rehabilitation hospital	1,760	9,198	54	—	1,814	9,198	11,012	117	—	1972-1973	June 30, 2015	40
Bad Tennstedt, Germany	Rehabilitation hospital	3,677	27,261	201	—	3,878	27,261	31,139	347	—	1993	June 30, 2015	40
Wismar, Germany	Rehabilitation hospital	3,465	20,645	195	—	3,660	20,645	24,305	265	—	1996	June 30, 2015	40
Houston, TX	Acute care general hospital	3,501	34,530	8,477	15,993	3,274	59,227	62,501	8,018	—	1960	August 10, 2007	40
Allen, TX	Freestanding ER	1,550	3,921	—	—	1,550	3,921	5,471	147	—	2014	July 14, 2014	40
San Diego, CA	Acute care general hospital	12,663	52,432	—	—	12,663	52,432	65,095	6,445	—	1973	February 9, 2011	40
Alvin, TX	Freestanding ER	105	4,087	—	—	105	4,087	4,192	156	—	2014	March 19, 2014	40
Aurora, CO	Freestanding ER	—	4,860	—	—	—	4,860	4,860	26	—	2015	September 17, 2015	40
Ft. Worth, TX	Freestanding ER	—	3,984	—	—	—	3,984	3,984	75	—	2015	March 27, 2015	40
Bayonne, NJ	Acute care general hospital	2,003	51,495	—	—	2,003	51,495	53,498	12,658	—	1918	February 4, 2011	20
Bennettsville, SC	Acute care general hospital	794	15,772	—	—	794	15,772	16,566	3,050	—	1984	April 1, 2008	40
Blue Springs, MO	Acute care general hospital	4,347	23,494	—	—	4,347	23,494	27,841	566	—	1980	February 13, 2015	40
Bossier City, LA	Long term acute care hospital	900	17,818	—	—	900	17,818	18,718	3,450	—	1982	April 1, 2008	40
Austin, TX	Freestanding ER	1,140	3,853	—	—	1,140	3,853	4,993	161	—	2014	May 29, 2014	40
Broomfield, CO	Freestanding ER	825	3,895	—	—	825	3,895	4,720	146	—	2014	July 3, 2014	40
Carrollton, TX	Acute care general hospital	729	34,289	—	—	729	34,289	35,018	354	—	2015	July 17, 2015	40
Cedar Hill, TX	Freestanding ER	1,122	3,644	—	—	1,122	3,644	4,766	137	—	2014	June 23, 2014	40
Spring, TX	Freestanding ER	1,310	3,543	—	—	1,310	3,543	4,853	133	—	2014	July 15, 2014	40
Chandler, AZ	Freestanding ER	—	4,244	—	—	—	4,244	4,244	71	—	2015	April 24, 2015	40
Chandler, AZ	Freestanding ER	750	3,214	—	—	750	3,214	3,964	19	—	2015	October 7, 2015	40
Cheraw, SC	Acute care general hospital	657	19,576	—	—	657	19,576	20,233	3,785	—	1982	April 1, 2008	40
Katy, TX	Freestanding ER	—	3,248	—	—	—	3,248	3,248	14	—	2015	October 21, 2015	40
Webster, TX	Long term acute care hospital	663	33,751	—	—	663	33,751	34,414	4,219	—	2004	December 21, 2010	40
Commerce City, TX	Freestanding ER	707	4,236	—	—	707	4,236	4,943	115	—	2014	December 11, 2014	40
Conroe, TX	Freestanding ER	1,338	3,436	—	—	1,338	3,436	4,774	35	—	2015	July 29, 2015	40
Converse, TX	Freestanding ER	750	4,405	—	—	750	4,405	5,155	83	—	2015	April 10, 2015	40
Corinth, TX	Long term acute care hospital	1,288	21,175	313	—	1,601	21,175	22,776	2,671	—	2008	January 31, 2011	40
Covington, LA	Long term acute care hospital	821	10,238	—	14	821	10,252	11,073	2,712	—	1984	June 9, 2005	40
Dallas, TX	Long term acute care hospital	1,000	13,589	—	368	1,421	13,536	14,957	3,158	—	2006	September 5, 2006	40
Denver, CO	Freestanding ER	—	4,275	—	—	—	4,275	4,275	56	—	2015	June 8, 2015	40
DeSoto, TX	Long term acute care hospital	1,067	10,701	86	8	1,161	10,701	11,862	1,202	—	2008	July 18, 2011	40
Detroit, MI	Long term acute care hospital	1,220	8,687	—	(365)	1,220	8,322	9,542	1,656	—	1956	May 22, 2008	40
Dulles, TX	Freestanding ER	1,076	3,784	—	—	1,076	3,784	4,860	125	—	2014	September 12, 2014	40

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Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2015			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
Houston, TX	Freestanding ER	1,345	3,678	—	—	1,345	3,678	5,023	138	—	2014	June 20, 2014	40
Fairmont, CA	Acute care general hospital	1,000	12,301	1,386	—	1,277	13,410	14,687	443	—	1939, 1972, 1985	September 19, 2014	40
Firestone, TX	Freestanding ER	495	3,963	—	—	495	3,963	4,458	157	—	2014	June 6, 2014	40
Florence, AZ	Acute care general hospital	900	28,462	—	—	900	28,462	29,362	2,659	—	2012	November 4, 2010	40
Fort Lauderdale, FL	Rehabilitation hospital	3,499	21,939	—	1	3,499	21,940	25,439	4,214	—	1985	April 22, 2008	40
Fountain, CO	Freestanding ER	1,508	4,131	—	—	1,508	4,131	5,639	146	—	2014	July 31, 2014	40
Frisco, TX	Freestanding ER	—	3,769	—	—	—	3,769	3,769	15	—	2015	November 13, 2015	40
Frisco, TX	Freestanding ER	1,500	3,863	27	—	1,500	3,890	5,390	154	—	2014	June 13, 2014	40
Garden Grove, CA	Acute care general hospital	5,502	10,748	—	51	5,502	10,799	16,301	1,925	—	1982	November 25, 2008	40
Garden Grove, CA	Medical Office Building	862	7,888	—	28	862	7,916	8,778	1,404	—	1982	November 25, 2008	40
Gilbert, AZ	Acute care general hospital	150	15,553	—	—	150	15,553	15,703	1,944	—	2005	January 4, 2011	40
Gilbert, AZ	Freestanding ER	1,518	4,112	—	—	1,518	4,112	5,630	39	—	2015	July 22, 2015	40
Glendale, AZ	Freestanding ER	—	3,886	—	—	—	3,886	3,886	50	—	2015	June 5, 2015	40
Hammond, LA	Long term acute care hospital	519	8,941	—	—	519	8,941	9,460	689	—	2003	December 14, 2012	40
Hausman, TX	Acute care general hospital	1,500	8,958	—	—	1,500	8,958	10,458	611	—	2013	March 1, 2013	40
Highland Village, TX	Freestanding ER	—	3,673	—	—	—	3,673	3,673	21	—	2015	September 22, 2015	40
Hill County, TX	Acute care general hospital	1,120	17,882	—	—	1,120	17,882	19,002	6,294	—	1980	September 17, 2010	40
Hoboken, NJ	Acute care general hospital	1,387	44,351	—	—	1,387	44,351	45,738	9,173	—	1863	November 4, 2011	20
Hoover, AL	Freestanding ER	—	7,581	—	—	—	7,581	7,581	126	—	2015	May 1, 2015	34
Hoover, AL	Medical Office Building	—	1,034	—	—	—	1,034	1,034	17	—	2015	May 1, 2015	34
Hot Springs, AR	Acute care general hospital	4,300	66,922	—	—	4,300	66,922	71,222	548	—	1985	August 31, 2015	40
Idaho Falls, ID	Acute care general hospital	1,822	37,467	—	4,665	1,822	42,132	43,954	8,028	—	2002	April 1, 2008	40
Kansas City, MO	Acute care general hospital	10,497	64,419	—	—	10,497	64,419	74,916	1,505	—	1978	February 13, 2015	40
Lafayette, IN	Rehabilitation hospital	800	14,968	(25)	—	800	14,943	15,743	1,076	—	2013	February 1, 2013	40
Little Elm, TX	Freestanding ER	1,241	3,491	—	—	1,241	3,491	4,732	179	—	2013	December 1, 2013	40
Lubbock, TX	Rehabilitation hospital	—	21,241	—	—	—	21,241	21,241	260	—	2008	June 16, 2015	40
Lubbock, TX	Long term acute care hospital	—	10,725	—	—	—	10,725	10,725	134	—	2008	June 16, 2015	40
McKinney, TX	Freestanding ER	—	3,991	—	—	—	3,991	3,991	40	—	2015	July 31, 2015	30
Mesa, AZ	Acute care general hospital	4,900	97,980	2,242	—	7,142	97,980	105,122	5,977	—	2007	September 26, 2013	40
Bloomington, IN	Acute care general hospital	2,392	28,212	5,000	408	2,392	33,620	36,012	7,544	—	2006	August 8, 2006	40
Montclair, NJ	Acute care general hospital	7,900	99,632	585	—	8,477	99,640	108,117	4,623	—	1920-2000	April 1, 2014	40

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Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2015			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
(Amounts in thousands)													
San Antonio, TX	Freestanding ER	351	3,952	—	—	351	3,952	4,303	172	—	2014	January 1, 2014	40
Houston, TX	Acute care general hospital	4,757	56,238	(37)	1,259	5,427	56,790	62,217	12,848	—	2006	December 1, 2006	40
New Braunfels, TX	Long term acute care hospital	1,100	7,883	—	—	1,100	7,883	8,983	838	—	2007	September 30, 2011	40
Shenandoah, TX	Rehabilitation hospital	2,033	21,943	—	—	2,033	21,943	23,976	3,017	—	2008	June 17, 2010	40
Colorado Springs, CO	Freestanding ER	600	4,231	—	—	600	4,231	4,831	168	—	2014	June 5, 2014	40
Northland, MO	Long term acute care hospital	834	17,182	—	—	834	17,182	18,016	2,112	13,400	2007	February 14, 2011	40
Altoona, WI	Acute care general hospital	—	29,048	—	—	—	29,048	29,048	945	—	2014	August 31, 2014	40
Ogden, UT	Rehabilitation hospital	1,759	16,414	—	—	1,759	16,414	18,173	739	—	2014	March 1, 2014	40
Overlook, TX	Acute care general hospital	2,452	9,666	7	—	2,452	9,673	12,125	683	—	2012	February 1, 2013	40
San Diego, CA	Acute care general hospital	6,550	15,653	—	77	6,550	15,730	22,280	3,406	—	1964	May 9, 2007	40
Parker, CO	Freestanding ER	1,301	4,024	—	—	1,301	4,024	5,325	17	—	2015	November 6, 2015	40
Pearland, TX	Freestanding ER	1,075	3,577	—	—	1,075	3,577	4,652	119	—	2014	September 8, 2014	40
Petersburg, VA	Rehabilitation hospital	1,302	9,121	—	—	1,302	9,121	10,423	1,710	—	2006	July 1, 2008	40
Poplar Bluff, MO	Acute care general hospital	2,659	38,694	—	1	2,660	38,694	41,354	7,431	—	1980	April 22, 2008	40
Port Arthur, TX	Acute care general hospital	3,000	72,341	1,062	—	4,062	72,341	76,403	4,246	—	2005	September 26, 2013	40
Port Huron, MI	Acute care general hospital	2,000	18,000	—	—	2,000	18,000	20,000	—	—	1953, 1973-1983	December 31, 2015	40
Portland, OR	Long term acute care hospital	3,085	17,859	—	2,559	3,071	20,432	23,503	4,383	—	1964	April 18, 2007	40
Post Falls, ID	Rehabilitation hospital	417	12,175	1,905	—	767	13,730	14,497	696	—	2013	December 31, 2013	40
Redding, CA	Acute care general hospital	1,555	53,863	—	13	1,555	53,876	55,431	11,346	—	1974	August 10, 2007	40
Redding, CA	Long term acute care hospital	—	19,952	—	4,360	1,629	22,683	24,312	5,757	—	1991	June 30, 2005	40
Richardson, TX	Rehabilitation hospital	2,219	17,419	—	—	2,219	17,419	19,638	2,395	—	2008	June 17, 2010	40
Addison, TX	Rehabilitation hospital	2,013	22,531	—	—	2,013	22,531	24,544	3,098	—	2008	June 17, 2010	40
San Dimas, CA	Acute care general hospital	6,160	6,839	—	34	6,160	6,873	13,033	1,218	—	1972	November 25, 2008	40
San Dimas, CA	Medical Office Building	1,915	5,085	—	18	1,915	5,103	7,018	905	—	1979	November 25, 2008	40
Sherman, TX	Acute care general hospital	4,491	24,802	—	—	4,491	24,802	29,293	775	—	1913, 1960-2010	October 31, 2014	40
Sienna, TX	Freestanding ER	999	3,591	—	—	999	3,591	4,590	120	—	2014	August 20, 2014	40
Spartanburg, SC	Rehabilitation hospital	1,135	15,717	—	—	1,135	15,717	16,852	931	—	2013	August 1, 2013	40
Houston, TX	Freestanding ER	1,423	3,770	—	—	1,423	3,770	5,193	79	—	2015	February 18, 2015	40
Thornton, CO	Freestanding ER	1,350	4,227	—	—	1,350	4,227	5,577	141	—	2014	August 29, 2014	40
Tomball, TX	Long term acute care hospital	1,299	23,982	—	—	1,299	23,982	25,281	2,998	—	2005	December 21, 2010	40
Victoria, TX	Long term acute care hospital	625	7,197	—	—	625	7,197	7,822	1,634	—	1998	December 1, 2006	40
Victoria, TX	Rehabilitation hospital	—	10,412	—	—	—	10,412	10,412	515	—	2013	December 31, 2013	40
League City, TX	Freestanding ER	—	3,645	—	—	—	3,645	3,645	46	—	2015	June 19, 2015	40

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Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2015			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
Anaheim, CA	Acute care general hospital	1,875	21,814	—	10	1,875	21,824	23,699	5,001	—	1964	November 8, 2006	40
West Monroe, LA	Acute care general hospital	12,000	69,433	552	—	12,552	69,433	81,985	4,048	—	1962	September 26, 2013	40
San Antonio, TX	Acute care general hospital	2,248	5,880	—	—	2,248	5,880	8,128	462	—	2012	October 14, 2011	40
West Valley City, UT	Acute care general hospital	5,516	58,314	—	—	5,516	58,314	63,830	11,198	—	1980	April 22, 2008	40
Wichita, KS	Rehabilitation hospital	1,019	18,373	—	1	1,019	18,374	19,393	3,559	—	1992	April 4, 2008	40
		<u>\$302,046</u>	<u>\$2,632,473</u>	<u>\$ 27,568</u>	<u>\$ 29,503</u>	<u>\$315,787</u>	<u>\$2,675,803</u>	<u>\$2,991,590</u>	<u>\$ 232,675</u>	<u>\$ 13,400</u>			

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The changes in total real estate assets including real estate held for sale but excluding construction in progress, intangible lease asset, investment in direct financing leases, and mortgage loans for the years ended:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
COST			
Balance at beginning of period	\$ 2,040,727	\$ 1,733,194	\$ 1,189,552
Acquisitions	975,239	263,811	480,503
Transfers from construction in progress	23,163	41,772	81,347
Additions	7,376	84,831	7,749
Dispositions	(24,701)	(56,590)	(28,616)
Other	(30,214)	(26,291)	2,659
Balance at end of period	<u>\$ 2,991,590</u>	<u>\$ 2,040,727</u>	<u>\$ 1,733,194</u>

The changes in accumulated depreciation including real estate assets held for sale for the years ended:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
ACCUMULATED DEPRECIATION			
Balance at beginning of period	\$ 181,441	\$ 144,235	\$ 114,399
Depreciation	60,796	46,935	33,349
Depreciation on disposed property	(8,887)	(9,213)	(3,513)
Other	(675)	(516)	—
Balance at end of period	<u>\$ 232,675</u>	<u>\$ 181,441</u>	<u>\$ 144,235</u>

**SCHEDULE IV — MORTGAGE LOANS ON REAL ESTATE
MEDICAL PROPERTIES TRUST, INC. AND MPT OPERATING PARTNERSHIP, L.P.**

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>	<u>Column E</u>	<u>Column F</u>	<u>Column G(3)</u>	<u>Column H</u>
<u>Description</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Periodic Payment Terms</u>	<u>Prior Liens</u>	<u>Face Amount of Mortgages</u>	<u>Carrying Amount of Mortgages</u>	<u>Principal Amount of Loans Subject to Delinquent Principal or Interest</u>
(Dollar amounts in thousands)							
Long-term first mortgage loan:			Payable in monthly installments of interest plus principal payable in full at maturity				
Desert Valley Hospital	11.0%	2022		(1)	\$ 70,000	\$ 70,000	(2)
Desert Valley Hospital	11.6%	2022		(1)	20,000	20,000	(2)
Desert Valley Hospital	11.0%	2017		(1)	12,500	12,500	(2)
Chino Valley Medical Center	11.0%	2022		(1)	50,000	50,000	(2)
Paradise Valley Hospital	10.6%	2022		(1)	25,000	25,000	(2)
Ernest Mortgage Loan(4)	9.6%	2032		(1)	100,000	100,000	(2)
Centinela Hospital Medical Center	11.0%	2022		(1)	100,000	100,000	(2)
Olympia Medical Center	11.2%	2024		(1)	20,000	20,000	(2)
St. Joseph Medical Center	8.5%	2025		(1)	30,000	30,000	(2)
St. Mary's Medical Center	8.5%	2025		(1)	10,000	10,000	(2)
Lake Huron Medical Center	8.5%	2020		(1)	10,000	10,000	(2)
St. Clare's Hospital(4)	8.5%	2020		(1)	100,000	100,000	(2)
Capella Mortgage Loan(6)	8.0%	2030		(1)	210,000	210,000	(2)
					<u>\$757,500</u>	<u>\$ 757,500</u>	<u>(5)</u>

- (1) There were no prior liens on loans as of December 31, 2015.
(2) The mortgage loan was not delinquent with respect to principal or interest.
(3) The aggregate cost for federal income tax purposes is \$757,500.
(4) Mortgage loans covering four properties.
(5) Excludes unamortized loan issue costs of \$0.1 million at December 31, 2015.
(6) Mortgage loans covering two properties.

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Changes in mortgage loans (excluding unamortized loan issue costs) for the years ended December 31, 2015, 2014, and 2013 are summarized as follows:

	Year Ended December 31,		
	2015	2014	2013
	(Dollar amounts in thousands)		
Balance at beginning of year	\$397,500	\$388,650	\$368,650
Additions during year:			
New mortgage loans and additional advances on existing loans	380,000	12,500	20,000
	<u>777,500</u>	<u>401,150</u>	<u>388,650</u>
Deductions during year:			
Collection of principal	(20,000)	(3,650)	—
	<u>(20,000)</u>	<u>(3,650)</u>	<u>—</u>
Balance at end of year	<u>\$757,500</u>	<u>\$397,500</u>	<u>\$388,650</u>

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Title</u>
3.1(1)	Medical Properties Trust, Inc. Second Articles of Amendment and Restatement
3.2(3)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.3(6)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.4(19)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.5(32)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.6(33)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.7(2)	Medical Properties Trust, Inc. Second Amended and Restated Bylaws
3.8(32)	Amendment to Second Amended and Restated Bylaws of Medical Properties Trust, Inc.
4.1(1)	Form of Common Stock Certificate
4.2(4)	Indenture, dated July 14, 2006, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and the Wilmington Trust Company, as trustee
4.3(9)	Indenture, dated as of April 26, 2011, Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust Company, as Trustee.
4.4(26)	First Supplemental Indenture to 2011 Indenture, dated as of August 10, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.5(26)	Second Supplemental Indenture to 2011 Indenture, dated as of October 3, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.6(26)	Third Supplemental Indenture to 2011 Indenture, dated as of December 2, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.7(26)	Fourth Supplemental Indenture to 2011 Indenture, dated as of January 19, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.8(26)	Fifth Supplemental Indenture to 2011 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.9(26)	Sixth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.10(26)	Seventh Supplemental Indenture to 2011 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

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<u>Exhibit Number</u>	<u>Exhibit Title</u>
4.11(26)	Eighth Supplemental Indenture to 2011 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.12(26)	Ninth Supplemental Indenture to 2011 Indenture, dated as of December 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.13(26)	Tenth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.14(26)	Eleventh Supplemental Indenture to 2011 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.15(26)	Twelfth Supplemental Indenture to 2011 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.16(26)	Thirteenth Supplemental Indenture to 2011 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.17(31)	Fourteenth Supplemental Indenture to 2011 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.18(27)	Fifteenth Supplemental Indenture to 2011 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.19(31)	Sixteenth Supplemental Indenture to 2011 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.20(20)	Indenture, dated as of February 17, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.21(23)	First Supplemental Indenture to 2012 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.22(23)	Second Supplemental Indenture to 2012 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.23(23)	Third Supplemental Indenture to 2012 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.24(23)	Fourth Supplemental Indenture to 2012 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.25(23)	Fifth Supplemental Indenture to 2012 Indenture, dated as of December 26, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

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<u>Exhibit Number</u>	<u>Exhibit Title</u>
4.26(23)	Sixth Supplemental Indenture to 2012 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.27(23)	Seventh Supplemental Indenture to 2012 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.28(24)	Eighth Supplemental Indenture to 2012 Indenture, dated as of August 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.29(26)	Ninth Supplemental Indenture to 2012 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.30(26)	Tenth Supplemental Indenture to 2012 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.31(28)	Eleventh Supplemental Indenture to 2012 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.32(27)	Twelfth Supplemental Indenture to 2012 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.33(31)	Thirteenth Supplemental Indenture to 2012 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.34(25)	Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.35(25)	First Supplemental Indenture to 2013 Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.36(26)	Second Supplemental Indenture to 2013 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.37(26)	Third Supplemental Indenture to 2013 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.38(28)	Fourth Supplemental Indenture to 2013 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.39(29)	Fifth Supplemental Indenture to 2013 Indenture, dated as of April 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.40(27)	Sixth Supplemental Indenture to 2013 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

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<u>Exhibit Number</u>	<u>Exhibit Title</u>
4.41(31)	Seventh Supplemental Indenture to 2013 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.42(34)	Eighth Supplemental Indenture to 2013 Indenture, dated as of August 19, 2015, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, Wilmington Trust, N.A., as Trustee, Deutsche Bank Trust Company Americas, as Paying Agent, and Deutsche Bank Luxembourg S.A., as Registrar and Transfer Agent.
10.1(11)	Second Amended and Restated Agreement of Limited Partnership of MPT Operating Partnership, L.P.
10.2(8)	Medical Properties Trust, Inc. 2013 Equity Incentive Plan
10.3(7)	Form of Stock Option Award
10.4(7)	Form of Restricted Stock Award
10.5(7)	Form of Deferred Stock Unit Award
10.6(1)	Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 10, 2003
10.7(1)	First Amendment to Employment Agreement between Registrant and Edward K. Aldag, Jr., dated March 8, 2004
10.8(1)	Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 10, 2003
10.9(1)	Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 10, 2003
10.10(1)	Form of Indemnification Agreement between Medical Properties Trust, Inc. and executive officers and directors
10.11(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (LTIP Units)
10.12(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (Restricted Shares)
10.13(16)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 29, 2006
10.14(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 29, 2006
10.15(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 29, 2006
10.16(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2008
10.17(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2009
10.18(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Richard S. Hamner, dated January 1, 2008
10.19(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated January 1, 2009

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<u>Exhibit Number</u>	<u>Exhibit Title</u>
10.20(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2008
10.21(17)	Fourth Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2009
10.22(9)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of April 26, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., KeyBank National Association as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent
10.23(30)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of June 19, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.24(31)	First Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of October 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.25(35)	Second Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of August 4, 2015, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.26(35)	Third Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of September 30, 2015, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.27(19)	Master Sublease Agreement between certain subsidiaries of MPT Development Services, Inc. as Lessor, and certain subsidiaries of Ernest Health, Inc., as Lessee.
10.28(22)	Master Lease Agreement I between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment and Master Lease Agreement II between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment.
10.29(33)	Form of Master Lease Agreement between certain subsidiaries of MPT Operating Partnership, L.P., as Lessor, and MEDIAN Kliniken S.a.r.l. and certain of its subsidiaries, as Lessee, and related first and second amendments.
10.30*	Master Lease Agreement between certain subsidiaries of MPT Development Services, Inc., as Lessor, and certain subsidiaries of Capella Holdings, Inc., as Lessee.
10.31*	Joinder and Amendment to Master Lease Agreement between certain subsidiaries of MPT Development Services, Inc., as Lessor, and certain subsidiaries of Capella Holdings, Inc., as Lessee.
12.1*	Statement re Computation of Ratios
21.1*	Subsidiaries of Medical Properties Trust, Inc.
23.1*	Consent of PricewaterhouseCoopers LLP
23.2*	Consent of PricewaterhouseCoopers LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)

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<u>Exhibit Number</u>	<u>Exhibit Title</u>
31.3*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
31.4*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Medical Properties Trust, Inc.)
32.2*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (MPT Operating Partnership, L.P.)
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

- (1) Incorporated by reference to Registrant's Registration Statement on Form S-11 filed with the Commission on October 26, 2004, as amended (File No. 333-119957).
- (2) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on November 24, 2009.
- (3) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2005, filed with the Commission on November 10, 2005.
- (4) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on July 20, 2006.
- (5) Reserved.
- (6) Incorporated by reference to the Registrant's current report on Form 8-K, filed with the Commission on January 13, 2009.
- (7) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on October 18, 2005.
- (8) Incorporated by reference to Registrant's definitive proxy statement on Schedule 14A, filed with the Commission on April 26, 2013.
- (9) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on May 2, 2011.
- (10) Reserved.
- (11) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 6, 2007, as amended by Medical Properties Trust, Inc.'s current report on Form 8-K/A, filed with the Commission on August 15, 2007.
- (12) Reserved.
- (13) Reserved.
- (14) Reserved.
- (15) Reserved.

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- (16) Incorporated by reference to Registrant's annual report on Form 10-K/A for the period ended December 31, 2007, filed with the Commission on July 11, 2008.
- (17) Incorporated by reference to Registrant's annual report on Form 10-K for the period ended December 31, 2008, filed with the Commission on March 13, 2009.
- (18) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on June 11, 2010.
- (19) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on January 31, 2012.
- (20) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on February 24, 2012.
- (21) Reserved.
- (22) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on November 9, 2012.
- (23) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's registration statement on Form S-3, filed with the Commission on August 9, 2013.
- (24) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on August 20, 2013.
- (25) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on October 16, 2013.
- (26) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s annual report on Form 10-K, filed with the Commission on March 3, 2014.
- (27) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on August 11, 2014.
- (28) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's post-effective amendment to registration statement on Form S-3, filed with the Commission on April 10, 2014.
- (29) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on April 23, 2014.
- (30) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on June 25, 2014.
- (31) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s annual report on Form 10-K, filed with the Commission on March 2, 2015.
- (32) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on June 26, 2015.
- (33) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on August 10, 2015.
- (34) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on August 21, 2015.
- (35) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on November 9, 2015.

MASTER LEASE AGREEMENT

BY AND AMONG

THE ENTITIES LISTED ON SCHEDULE 1-A ATTACHED HERETO,

collectively, jointly and severally, Lessor

AND

THE ENTITIES LISTED ON SCHEDULE 1-B ATTACHED HERETO,

collectively, jointly and severally, as Lessee

August 31, 2015

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MASTER LEASE AGREEMENT

This MASTER LEASE AGREEMENT (the "Lease") is dated this 31st day of August, 2015 (the "Initial Commencement Date"), and is by and among the entities listed on Schedule 1-A attached hereto and made a part hereof by reference and incorporation (collectively, jointly and severally, the "Lessor"), having their principal office at 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242, and the entities listed on Schedule 1-B attached hereto and made a part hereof by reference and incorporation (collectively, jointly and severally, the "Lessee"), having their principal office at 510 Corporate Drive, Suite 200, Franklin, TN 37067.

STATEMENT OF INTENT

Subject to Articles V, XIV, XV, XXX and Section 16.1, this Lease constitutes one unitary, indivisible, non-severable true lease of all the Leased Property. This Lease does not constitute separate leases contained in one document each governed by similar terms. The use of the expression "unitary lease" to describe this Lease is not merely for convenient reference. It is the conscious choice of a substantive appellation to express the intent of Lessor and Lessee in regard to an integral part of this transaction, which is to accomplish the creation of an indivisible lease. Lessor and Lessee agree that from an economic point of view the portions of the Leased Property leased pursuant to this Lease constitute one economic unit and that the Rent and all other provisions have been negotiated and agreed to based upon a lease of all the portions of the Leased Property as a single, composite, inseparable transaction. Except as expressly provided in this Lease for specific isolated purposes (and in such cases only to the extent expressly so stated), all provisions of this Lease, including definitions, commencement and expiration dates, rental provisions, use provisions, renewal provisions, breach, default, enforcement, termination and assignment and subletting provisions, shall apply equally and uniformly to all the Leased Property as one unit and are not severable. The economic terms of this Lease would have been substantially different had separate leases or a "divisible" lease been acceptable to Lessor. A default of any of the terms or conditions of this Lease occurring with respect to any particular Property shall constitute a default under this Lease with respect to all the Leased Property. Except as expressly provided in this Lease for specific isolated purposes (and in such cases only to the extent expressly so stated), Lessor and Lessee agree that the provisions of this Lease shall at all times be construed, interpreted and applied such that the intention of Lessor and Lessee to create a unitary lease shall be preserved and maintained. Lessor and Lessee agree that for the purposes of any assumption, rejection or assignment of this Lease under 11 U.S.C. Section 365 or any amendment or successor section thereof, this is one indivisible and non-severable lease dealing with and covering one legal and economic unit which must be assumed, rejected or assigned as a whole with respect to all (and only all) the Leased Property.

WITNESSETH:

WHEREAS, MPT of Hartsville-Capella, LLC, MPT of McMinnville-Capella, LLC and MPT of Muskogee-Capella, LLC, each a Delaware limited liability company (collectively, "MPT Real Estate Owner"), are the current owners of that certain real property more particularly described on Exhibits A-1 et seq. attached hereto and incorporated herein by reference (collectively, the "Owned Land"), and are also the current owners of all of the Leased Improvements (as hereinafter defined) located on the Owned Land;

WHEREAS, pursuant to that certain Assignment and Assumption of Ground Lease dated as of August 31, 2015 (the "Assignment of Ground Lease"), the Oklahoma Lessee assigned to the Oklahoma Lessor all of its right, title and interest in, to and under the Oklahoma Ground Lease (as hereinafter defined) whereby the Oklahoma Lessor (i) holds a leasehold interest in the Oklahoma Ground Leased Land (as hereinafter defined), and (ii) owns the improvements located on the Oklahoma Ground Leased Land during the term of the Oklahoma Ground Lease (after which time the improvements located on the Oklahoma Ground Leased Land revert to the "Landlord" under the Oklahoma Ground Lease);

WHEREAS, contemporaneously herewith, MPT Real Estate Owner has leased the Land (as hereinafter defined) and the Leased Improvements to Lessor pursuant to that certain Master Lease Agreement, dated as of the date hereof (as the same may be modified, amended or restated from time to time, the "Master Lease"); and

WHEREAS, Lessor desires to sublease the Land and Leased Improvements to Lessee, and Lessee desires to sublease the same from Lessor, on the terms and conditions hereinafter provided.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 **Certain Defined Terms.** Capitalized terms used herein shall have the respective meanings ascribed to them in this Section 1.1.

ACH: As defined in Section 3.1.

Acquisition Note: That certain Promissory Note, dated the date hereof, in the original principal amount of Nine Hundred Eighty-Four Million Nine Hundred Fifty-Eight Thousand Nine Hundred Ninety-Two and 53/100 Dollars (\$984,958,992.53) made by Capella Holdings Acquisition Sub, Inc., a Delaware corporation, in favor of MPT TRS (as herein defined), which has become the obligation of Capella Holdings as successor by merger and operation of law, as the same may be modified, amended and/or restated from time to time.

Additional Charges: As defined in Section 3.2.

Adjustment Date: As defined in Section 3.1(b).

Affiliate: With respect to any Person (i) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (ii) any other Person that owns, beneficially, directly or indirectly, 10% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, partner, member, manager or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, “control” (including the correlative meanings of the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities or otherwise. Whenever the term Affiliate is used to describe Lessor’s Affiliates, it shall not be deemed to include Lessee, Health Holdings or any of Health Holdings’ subsidiaries.

Affiliate Lessee: Collectively, the Columbia Lessee and the Hot Springs Lessee.

Affiliate Separate Leases: Collectively, the Columbia Lease and the Hot Springs Lease, in each case, as modified, amended or restated from time to time.

AIREA: The American Institute of Real Estate Appraisers, or any successor organization.

Allocated Base Rent: As defined in Section 3.1(a).

Anti-Terrorism Laws: Any laws, statutes and regulations relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the Patriot Act, the laws, statutes and regulations comprising or implementing the Bank Secrecy Act, and the laws, statutes and regulations administered by OFAC.

Auriga: As defined in Section 13.1(a).

Award: All compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation.

Bankruptcy Code: Chapter 11 U.S.C. § 101, *et seq.*

Base Rent: At any time the total Allocated Base Rent payable with respect to the Properties for any period.

Blocked Person: Any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224, or (e) a Person that is named a “specially designated national” or “blocked person” on the most current list published by OFAC or other similar list.

Borrower Affiliates: Collectively, Southwestern Medical Center, LLC, St. Mary's Real Property, LLC and Russellville Holdings, LLC, each a Delaware limited liability company.

Business: With respect to each of the Properties, the operation of a general acute care hospital facility thereon and, in each case, the engagement in and pursuit and conduct of any business venture or activity incident thereto, including any business that relates to the business currently conducted by the Company (such as bariatric centers and/or health plans).

Business Day: Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which money centers in the City of New York, New York are authorized or obligated by law or executive order to close.

Capella Holdings: Capella Holdings, Inc., a Delaware corporation.

Capella Healthcare: Capella Healthcare, Inc., a Delaware corporation.

Capital Additions: With respect to each Property, (a) extraordinary renovations or expansions of buildings, structures or other improvements currently located on that Property (or on additional parcels added to such Property), (b) the addition of one or more parcels of land to such Property (whether by purchase or ground lease), or (c) the addition of one or more new buildings or additional structures placed on such Property or any such additional parcels of land, including, without limitation, the construction of a new wing or new story.

Capital Addition Cost: With respect to each Property, the cost of any Capital Additions proposed to be made by Lessee with respect thereto. Such cost shall include (a) the cost of construction of the Capital Additions, including site preparation and improvement, materials, labor, supervision and certain related design, engineering and architectural services, the cost of any fixtures, the cost of construction financing, and miscellaneous costs requested by Lessee and approved by Lessor, (b) if applicable, the cost of any land contiguous to such Property purchased for the purpose of placing thereon the Capital Additions or any portion thereof or for providing means of access thereto, or parking facilities therefor, including the cost of surveying the same, (c) the cost of insurance, real estate taxes, water and sewage charges and other carrying charges for such Capital Additions during construction, (d) the cost of title insurance, (e) reasonable fees and expenses of legal counsel, (f) filing, registration and recording taxes and fees, (g) documentary stamp taxes, if any, and (h) all reasonable costs and expenses of Lessor related to such Capital Addition that are payable by Lessee hereunder, and the reasonable costs and expenses of any Facility Lender which has committed to finance the Capital Additions that are related to the construction of the Capital Additions, including, but not limited to, (i) the reasonable fees and expenses of their respective legal counsel, (ii) all printing expenses, (iii) the amount of any filing, registration and recording taxes and fees, (iv) documentary stamp taxes, if any, (v) title insurance charges, appraisal fees, if any, (vi) rating agency fees, if any, and (vii) commitment fees, if any, charged by any Facility Lender advancing or offering to advance any portion of the financing for such Capital Additions.

Cash Collections: Any and all payments received for patient related services that are posted to Lessee's accounting system for a Facility, including, without limitation, any such payments received from patients, insurance companies, managed care and preferred provider organizations, Medicaid, Medicare, or other payors.

Casualty Impacted Property: As defined in Section 14.2(a).

CERCLA: As defined in the definition of "Hazardous Materials Law."

Change of Control Transaction: Shall mean (a) Health Holdings ceasing to own One Hundred Percent (100%) of Capella Holdings; (b) the current owners of Sunergeo Health ceasing to own, directly or indirectly, at least Fifty Percent (50%) of Sunergeo Health; (c) Michael A. Weichart ceasing to own at least Twenty-Five Percent (25%) of Sunergeo Health; or (d) Capella Health Holdings, LLC ceasing to own at least: (i) One Hundred Percent (100%) of the Oregon Lessee or the Oklahoma Lessee, (ii) Ninety-Seven Percent (97%) of the South Carolina Lessee, (iii) Ninety-Five Percent (95%) of the Hot Springs Lessee, or (iv) Ninety Percent (90%) of the Columbia Lessee, in each case, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. For the avoidance of doubt, the entering into a written agreement (unless the agreement is conditioned on Lessor's approval or will not close until after the expiration of the Term) or the granting of an option to acquire Equity Interests or the issuance of debt convertible into Equity Interests shall be deemed to be the issuance of Equity Interests for purposes of determining whether a Change of Control Transaction has occurred.

CMS: As defined in Section 38.1.

Code: The United States Internal Revenue Code of 1986, as amended through the date hereof, and all regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

Columbia Lease: That certain Lease Agreement, dated of even date herewith, between Columbia Lessor and Columbia Lessee, as modified, amended or restated from time to time.

Columbia Lessee: Columbia Capital Medical Center Limited Partnership, a Washington limited partnership.

Columbia Lessor: MPT of Olympia-Capella Hospital, LLC, a Delaware limited liability company.

Collateral Assignment: That certain Collateral Assignment of Management Agreement, dated of even date herewith, by and among Sunergeo Health, Hartsville, LLC and MPT of Hartsville-Capella Hospital, LLC, as modified, amended or restated from time to time.

Combined Obligors: Collectively, Lessee, the Borrower Affiliates and the Affiliates Lessees, in each case, as of the date hereof.

Combined Obligor Payments: For any period, the sum of the payment obligations of all Combined Obligors under (a) this Lease, (b) the Affiliate Separate Leases and (c) the Real Estate Note.

Commencement Date: The Initial Commencement Date, provided that as to any New Property, Commencement Date shall mean the date that such New Property becomes subject to this Lease.

Competing Business: As defined in Section 40.10.

Completion: With respect to the Required Capital Additions, the terms “completion”, “complete construction”, “completion of construction” and similar phrases mean, such time as Lessor receives (i) written certification from the architect that the construction of the applicable Required Capital Addition has been completed in all material respects in accordance with the final plans therefor (as previously approved by Lessor), which certificate shall be in form and substance reasonably satisfactory to Lessor and shall include the written approval of Lessor’s construction inspector noted thereon, and (ii) if issued by the applicable municipality with respect to the Required Capital Additions, a certificate of occupancy for such Property.

Condemnation: Either (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or (b) a voluntary sale or transfer by Lessor to any Condemnor, either under threat of Condemnation or while legal proceedings for Condemnation are pending, in all of the foregoing cases with respect to any portion of the Leased Property.

Condemnor: Any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

Consolidated Fixed Charges: For any period, for Capella Holdings and its subsidiaries on a consolidated basis, an amount equal to the sum for such period (a) rent payments, plus, (b) consolidated interest charges, plus (c) consolidated maintenance capital expenditures, plus (d) consolidated funded debt payments.

CPI: The Consumer Price Index, all urban consumers, all items, U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics, in which 1982-1984 equals one hundred (100). If the Consumer Price Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

Credit Enhancements: With respect to each Property, all security deposits, security interests, letters of credit, pledges, guaranties, prepaid rent or other sums, deposits or interests held by Lessee, if any, with respect to such Property, the Tenant Leases relating to such Property or the Tenants or subtenants thereunder.

Date of Taking: The date the Condemnor has the right to possession of the property being condemned.

Declarations: As defined in Section 40.7.

Defaulted Property: As defined in Section 16.1B.

DHS: As defined in Section 38.1.

DHHS: As defined in Section 38.1.

Dollar Amount: As defined in Section 9.2.

EBITDAR: For any period, for Capella Holdings and its subsidiaries on a consolidated basis, earnings before the deduction of interest, taxes, depreciation and amortization and rent, as all of the items described in this term are determined in accordance with GAAP.

Eliminated Property: As defined in Section 35.1.

Entered Property: As defined in Section 16.1A.

Environmental Indemnification Agreement: Collectively, (a) that certain Environmental Indemnification Agreement, dated as of the date hereof, executed and delivered by each Facility Lessee and each Guarantor to and in favor of Lessor, Hot Springs Lessor, Columbia Lessor, MPT TRS and MPT Lenders, (b) that certain Environmental Indemnification Agreement, dated of even date herewith, between Columbia Lessee and Columbia Lessor, and (c) that certain Environmental Indemnification Agreement, dated of even date herewith, between Hot Springs Lessee and Hot Springs Lessor, in each case, as modified, amended and restated from time to time.

Equity Constituents: With respect to any Person, as applicable, the members, general or limited partners, shareholders, stockholders or other Persons, however designated, who are the owners of the issued and outstanding equity or ownership interests of such Person.

Equity Interests: With respect to any Person, the voting power, ownership, or other equitable interests of such Person, including any interest represented by any capital stock, convertible or participating debt instruments, membership interest, partnership interest, or any similar interest therein.

Escalator: As defined in Section 3.1(b).

Event of Default: As defined in Section 16.1.

Existing Subleases: As defined in Section 23.4.

Extension Notice: As defined in Article II.

Extension Term(s): As defined in Article II.

Facility: Each of the Oklahoma Facility, the Oregon Facility and the South Carolina Facility, sometimes collectively referred to as the “Facilities.”

Facility Instrument: A note (whether secured or unsecured), loan agreement, credit agreement, guaranty, security agreement, mortgage, deed of trust or other agreement pursuant to which a Facility Lender has provided financing to Lessor in connection with any portion of the Leased Property or any part thereof, or funding provided to Lessee, if such funding is provided by Lessor or any Affiliate of Lessor (other than any Obligors) or in connection with a Capital Addition, and any and all renewals, replacements, modifications, supplements, consolidations and extensions thereof.

Facility Lender: A holder (which may include any Affiliate of Lessor) of any Facility Instrument.

Facility Lessee: The Oklahoma Lessee, with respect to the Oklahoma Property, the Oregon Lessee, with respect to the Oregon Property, the South Carolina Lessee, with respect to the South Carolina Property, and the Lessee party thereto, with respect to any New Property.

Facility Lessor: The Oklahoma Lessor, with respect to the Oklahoma Property, the Oregon Lessor, with respect to the Oregon Property, the South Carolina Lessor, with respect to the South Carolina Property, and the Lessor party thereto, with respect to any New Property.

Facility Loan: A loan made by a Facility Lender.

Fair Market Added Value: With respect to each Property, the Fair Market Value of such Property, including all Capital Additions with respect thereto, less the Fair Market Value of such Property determined as if no Capital Additions paid for by Lessee had been constructed with respect thereto.

Fair Market Value: With respect to each Property, the Fair Market Value of such Property, including all Capital Additions with respect thereto, (a) as shall be determined in accordance with the appraisal procedures set forth in Article XXXIII or in such other manner as shall be mutually acceptable to Lessor and Lessee, and (b) which shall not take into account any reduction in value resulting from any damage, destruction or condemnation of any part of such Property or any indebtedness to which such Property is subject (other than indebtedness owed to Lessor that is secured by the Leased Property) and which encumbrance Lessee or Lessor is otherwise required to remove pursuant to any provision of this Lease or agrees to remove at or prior to the closing of the transaction as to which such Fair Market Value determination is being made. With respect to each Property and notwithstanding anything contained in this Lease to the contrary, any appraisal of such Property shall assume the Lease is in place for a term of fifteen (15) years, and shall not take into account any purchase options.

Fair Market Value Purchase Price: With respect to each Property, the Fair Market Value of such Property, less the Fair Market Added Value with respect to such Property.

Financial Statements: For any fiscal year or other accounting period for each Facility Lessee or Capella Holdings, balance sheets, statements of operations and capital accounts, and statements of cash flows setting forth in comparative form the corresponding figures for the year-earlier fiscal period.

Fixed Term: As defined in Article II.

Fixtures: All equipment, machinery, fixtures, and other items of real property, including all components thereof, now and hereafter located in, on, or used in connection with, and that are, in each case, permanently affixed to the Land, or affixed or incorporated into the buildings and structures on the Land, including, without limitation, all affixed furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems and apparatus, sprinkler systems and fire and theft protection equipment, and built-in oxygen and vacuum systems, all of which, to the greatest extent permitted by law, are hereby deemed by the parties to constitute real estate, together with all replacements, modifications, alterations and additions thereto.

Force Majeure: As defined in Section 40.8.

Full Replacement Cost: As defined in Section 13.1.

GAAP: Generally accepted accounting principles in the United States as in effect from time to time and applied consistently throughout the periods involved.

Governmental Body: Any United States federal, state or local, or any supra national or non U.S., government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency body or commission, court, tribunal or judicial or arbitral body, in each case of competent jurisdiction, including the Securities and Exchange Commission.

Guarantors: Collectively, Capella Holdings, Capella Healthcare and the other "Guarantors" (as defined in the Guaranty) (it being understood, however, that for purposes of this Lease, the term Guarantor shall not refer to any Facility Lessees).

Guaranty: That certain Guaranty, dated as of the date hereof, executed and delivered by the Guarantors in favor of Lessor, MPT TRS and the MPT Lenders, as the same may be modified, amended, restated and/or supplemented from time to time.

Hazardous Materials: Any asbestos or any substance containing asbestos and deemed hazardous under any Hazardous Materials Law, the group of organic compounds known as polychlorinated biphenyls, flammable explosives, radioactive materials, infectious wastes, biomedical and medical wastes, chemicals known to cause cancer or reproductive toxicity, radon gas, and any items included in the definition of hazardous or toxic wastes, materials or substances under any Hazardous Materials Laws.

Hazardous Materials Laws: Each federal, state and local law and regulation relating to pollution or protection of the environment, including ambient air, surface water, ground water, land surface or subsurface strata, and natural resources, and including each law and regulation relating to emissions, discharges, releases or threatened releases of Hazardous Materials, or otherwise relating to the manufacturing, processing, distribution, use, treatment, generation, storage, containment (whether above ground or underground), disposal, transport or handling of Hazardous Materials, and each law and regulation with regard to record keeping, notification, disclosure and reporting requirements respecting Hazardous Materials, including, without limitation, the Resource Conservation and Recovery Act of 1976 (“RCRA”), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), as amended by the Superfund Amendments and Reauthorization Act of 1986 (“SARA”), the Hazardous Materials Transportation Act, the Federal Water Pollution Control Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Safe Drinking Water Act, and all similar federal, state and local environmental statutes and ordinances, and the regulations, orders, and decrees now or hereafter promulgated thereunder, in each case as amended from time to time.

Health Benefit Laws: Laws relating to the licensure, certification, qualification or authority to transact business relating to the provision of, or payment for, or both the provision of and payment for, health benefits, health care or insurance coverage, including ERISA, COBRA, HIPAA, SCHIP, Medicare, Medicaid, CHAMPUS/TriCare, and laws relating to the regulation of workers compensation and coordination of benefits.

Health Compliance Laws: All applicable laws pertaining to billing, kickbacks, false claims, self-referral, claims processing, marketing, HIPAA security standards for the storage, maintenance, transmission, utilization and access to and privacy of patient information, and HIPAA and state standards for electronic transactions and data code sets, including, without limitation, the False Claims Act (31 U.S.C. Section 3729 et seq.), the Anti-Kickback Act of 1986 (41 U.S.C. Section 51 et seq.), the Federal Health Care Programs Anti-Kickback Statute (42 U.S.C. Section 1320a-7a(b)), the Stark Law, the Civil Monetary Penalties Law (42 U.S.C. Section 1320a-7a), or the Truth in Negotiations (10 U.S.C. Section 2304 et seq.), Health Care Fraud (18 U.S.C. Section 1347), Mail Fraud (18 U.S.C. Section 1341), Wire Fraud (18 U.S.C. Section 1343), Theft or Embezzlement (18 U.S.C. Section 669), Fraud and False Statements (18 U.S.C. Section 1001), False Statements Relating to Health Care Matters (18 U.S.C. Section 1035), and any other applicable federal health care law or equivalent state statutes or any rule or regulation promulgated by a Governmental Body with respect to any of the foregoing, as any of the same may be amended, modified and/or restated from time to time.

Health Holdings: Capella Health Holdings, LLC, a Delaware limited liability company.

Healthcare Laws: Health Benefit Laws, Health Compliance Laws and Information Privacy and Security Laws.

HIPAA: The Health Insurance Portability and Accountability Act of 1996, as the same may be amended, modified or supplemented from time to time, and any successor statute thereto, and any and all rules or regulations promulgated from time to time thereunder.

Hot Springs Lease: That certain Lease Agreement, dated of even date herewith, between Hot Springs Lessor and Hot Springs Lessee, as modified, amended or restated from time to time.

Hot Springs Lessee: Hot Springs National Park Hospital Holdings, LLC, a Delaware limited liability company.

Hot Springs Lessor: MPT of Hot Springs-Capella Hospital, LLC, a Delaware limited liability company.

Impartial Appraiser: As defined in Section 13.1.

Impositions: Collectively, with respect to each Property, all civil monetary penalties, fines and overpayments imposed by state and federal regulatory authorities (excluding all penalties or fines caused by the action or inaction of any Lessor or MPT Real Estate Owner), all Real Estate Taxes, all state and local sales and use taxes, single business, gross receipts, transaction privilege, rent or similar taxes, all assessments, charges and costs imposed under the Permitted Exceptions (including, without limitation, all penalties, fines, damages, costs and expenses for any violation of or a default under any of the Permitted Exceptions), franchise taxes (including but not limited to taxes based on capital, net worth or assets), license, business entity, annual report, registration and statutory representation fees and other taxes imposed on any business entities, including limited partnerships, limited liability companies and other "pass through" entities, and any such items imposed on Lessor or Lessor's Affiliates (including Lessor's parent organizations), all assessments for utilities, public improvements or benefits, ground rents, water, wastewater, sewer, sanitary sewer or other rents and charges, excises, tax levies, fees (including, without limitation, impact, development, license, permit, inspection, authorization and similar fees), and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of such Property, the Rent relating thereto (including all interest and penalties thereon due to any failure in payment by Lessee), and all other fees, costs and expenses which at any time, during or in respect of the Term may be charged, assessed or imposed on or in respect of or be a lien upon (a) MPT Real Estate Owner or Lessor or MPT Real Estate Owner's or Lessor's interest in all or any portion of such Property, (b) such Property or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (c) any occupancy, operation, use or possession of, sales from, or activity conducted on, or in connection with, such Property or the leasing or use of such Property or any part thereof. Notwithstanding any provision hereof to the contrary, nothing contained in this Lease shall be construed to require Lessee to pay (1) any tax based on net income (whether denominated as a financial institutions or other tax) imposed on Lessor or MPT Real Estate Owner, or (2) any transfer tax of Lessor or MPT Real Estate Owner, or (3) any tax imposed with respect to the sale, exchange or other disposition by Lessor or MPT Real Estate Owner of any Property or the proceeds thereof or (4) except as expressly provided elsewhere in this Lease, any principal or interest on any Lien on any Property, except to the extent that any tax, assessment, tax levy or charge which Lessee is obligated to pay pursuant to the first sentence of this definition and which is in effect at any time during the Term is totally or partially repealed, and a tax, assessment, tax levy or charge set forth in clause (1) or (2) is levied, assessed or imposed expressly in lieu thereof, in which case the substitute tax, assessment, tax levy or charge shall be deemed to be an Imposition.

Information Privacy or Security Laws: The HIPAA Laws and any other laws concerning the privacy and/or security of personal information, including but not limited to the Gramm-Leach-Bliley Act, state data breach notification laws, state health information privacy laws, the Federal Trade Commission Act and state consumer protection laws.

Initial Commencement Date: As defined in the Preamble.

Insurance Premiums: As defined in Section 4.4.

Insurance Requirements: All terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy.

Interim Capital Addition Rent: As defined in Section 3.1(b).

Joint Commission: As defined in Article XXIV.

Land: The Oklahoma Land, the Oregon Land and the South Carolina Land, each together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto, and any other parcel of land acquired or leased and made subject to this Lease.

Late Payment Penalty: Shall mean an amount equal to the product of Four Percent (4%) and the amount of any overdue and unpaid amount under this Lease.

Lease: As defined in the Preamble.

Lease Assignments: Those certain Assignments of Rents and Leases, executed and delivered by each Facility Lessee to and in favor of Lessor, MPT TRS and the MPT Lenders, as each may be amended, modified and/or restated from time to time.

Lease Base: As to each Property, as defined on Schedule 3.1(a) attached hereto and made a part hereof by reference and incorporation.

Lease Rate: A per annum rate equal to Eight Percent (8.0%), subject to the Escalator as set forth in Section 3.1(b).

Leased Improvements: As defined in Article II(b).

Leased Property: Collectively, those items described in Article II, as well as all Capital Additions thereto.

Legal Requirements: With respect to each Property and the conduct of the Business thereon, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting such Property, Lessee's operation of the Business on such Property, or the construction, use or alteration of such Property

(including, without limitation, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973), whether now or hereafter enacted and in force, including any which may (a) require repairs, modifications, or alterations in or to such Property, or (b) in any way adversely affect the use and enjoyment thereof, and all permits, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Lessee, at any time in force affecting such Property.

Lessee: Collectively and jointly and severally, the Oklahoma Lessee, the Oregon Lessee and the South Carolina Lessee, together with their respective successors and permitted assigns.

Lessor: Collectively and jointly and severally, the Oklahoma Lessor, the Oregon Lessor and the South Carolina Lessor, and their respective successors and assigns.

Lessor Noncompetes Period: As defined in Section 40.11.

Lessor's Notice Address: As defined in Section 13.4.

Lessor Parties: As defined in Section 40.6.

Licenses: As defined in Article XXXVIII.

Liens: As defined in Article XXXVI.

LLC Agreement: That certain Limited Liability Company Agreement of Capella Health Holdings, LLC, dated as of the date hereof, as modified, amended or restated from time to time.

Major Event of Default: The occurrence of (i) an Event of Default under clause (a) or (l) of Section 16.1; (ii) an Event of Default by Capella Holdings or Capella Healthcare under clause (c) or (g) of Section 16.1; (iii) Events of Default under clauses (b) through (j) of Section 16.1 with respect to three (3) or more of the Facility Lessees or the Affiliate Lessees (under the same or comparable "Events of Default" under and as defined in the Affiliate Separate Leases); (iv) a "Major Event of Default" under and as defined in any Affiliate Separate Lease; or (v) a "Major Event of Default" under and within the meaning of the Real Estate Loan Agreement. It is understood and agreed that a monetary default under the Acquisition Note or an Event of Default under Section 16.1(e) shall be deemed to be a default with respect to all Facility Lessees.

Major Repairs: All repairs to the Leased Property of every kind and nature, whether interior or exterior, structural or non-structural (including, without limitation, all parking decks and parking lots), which extend the life of the Leased Property (as opposed to being routine maintenance and repair expenditures), as shall be necessary or appropriate from time to time during the Term.

Management Agreement: Any contract or agreement for the provision of management services to a Facility Lessee with respect to the operation of a hospital on the applicable Property.

Management Company: Any person, firm, corporation or other entity or individual who or which will provide management services to a Facility Lessee with respect to the operation of a hospital on a Property, which as of the date hereof for all of the Properties, the parties acknowledge shall be Sunergeo Health.

Master Lease: As defined in the Recitals.

Material Obligation: Any obligation of any of the Guarantors or any Facility Lessee (other than any obligations owing to Lessor or any of its Affiliates) which is in excess of Three Million and No/100 Dollars (\$3,000,000.00).

Medicaid: The medical assistance program established by Title XIX of the Social Security Act (42 U.S.C. Sections 1396 *et seq.*) and any statute succeeding thereto.

Medicare: The health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. Sections 1395 *et seq.*) and any statute succeeding thereto.

Mortgage Loan Documents: The Real Estate Loan Agreement, the Real Estate Note and the Real Estate Mortgages, as each may be modified, amended or restated from time to time.

MPT: MPT Operating Partnership, L.P., an Affiliate of Lessor.

MPT Lenders: Collectively, MPT of Lawton-Capella Hospital, LLC and MPT of Russellville-Capella Hospital, LLC, each a Delaware limited liability company.

MPT Real Estate Owner: As defined in the recitals.

MPT TRS: MPT Camaro Opco, LLC, a Delaware limited liability company.

New Property: Any real property (other than real property constituting a Capital Addition to a Property that is already subject to this Lease) that becomes subject to this Lease after the Initial Commencement Date.

Noncompete Period: As defined in Section 40.10.

Non-Competition Agreements: Means (a) that certain Non-Competition Agreement, dated as of the date hereof, executed by Capella Holdings, Inc. and Capella Healthcare, Inc. in favor of Lessor, MPT TRS and the MPT Lenders, and (b) that certain Non-Competition Agreement, dated as of the date hereof, between Sunergeo Health and MPT TRS, in each case, as amended, modified and/or restated from time to time.

Obligations: As defined in the Security Agreement.

Obligation Documents: Individually and collectively, this Lease, the Mortgage Loan Documents, the Acquisition Note, the Affiliate Separate Leases, the Guaranty, the Pledge Agreement, the Environmental Indemnification Agreements, the Security Agreement, the Non-Competition Agreements, the Subordination of Management Agreement and the Collateral Assignment, as any of the same may be modified, amended or restated from time to time.

Obligors: Collectively, Lessee, the Borrower Affiliates and the Guarantors, and their successors and permitted assigns.

OFAC: The U.S. Department of Treasury Office of Foreign Assets Control.

OFAC List: The list of specially designated nationals and blocked persons subject to financial sanctions that is maintained and published by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained and published by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any law, including, without limitation, trade embargo, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States. The OFAC List currently is accessible through the internet website <http://www.treasury.gov/ofac/downloads/t11sdn.pdf>.

Officer's Certificate: With respect to each Facility Lessee, a certificate of such Facility Lessee signed by the representative(s) authorized to so sign by the governing body of such Facility Lessee, or any other person whose power and authority to act has been properly authorized.

Oklahoma Assignment of Ground Lease: As defined in the recitals hereto.

Oklahoma Facility: That certain three hundred twenty (320)-licensed bed general acute care hospital facility operated at the Oklahoma Land and related Leased Improvements.

Oklahoma Land: Collectively, (a) the Oklahoma Owned Land, and (b) the Oklahoma Ground Leased Land.

Oklahoma Lessee: Muskogee Regional Medical Center, LLC, a Delaware limited liability company, together with its successors and permitted assigns.

Oklahoma Lessor: MPT of Muskogee-Capella Hospital, LLC, a Delaware limited liability company, together with its successors and assigns.

Oklahoma Ground Lease: That certain Lease Agreement, dated as of April 3, 2007, between Muskogee Medical Center Authority (doing business as Muskogee Regional Medical Center), an Oklahoma public trust, as landlord, and MPT of Muskogee-Capella, LLC (as successor-by-assignment from Oklahoma Lessee), as the same may be modified, amended, restated or supplemented from time to time.

Oklahoma Ground Lease Rent: As defined in Section 3.3.

Oklahoma Ground Leased Land: That certain real property located in Muskogee, Muskogee County, Oklahoma, as more particularly described on Exhibit A-4 attached hereto and made a part hereof by reference and incorporation, together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto.

Oklahoma Ground Leased Property: The Oklahoma Ground Leased Land and related Leased Improvements located thereon relating to the applicable Oklahoma Facility.

Oklahoma Owned Land: That certain real property located in Muskogee, Muskogee County, Oklahoma, as more particularly described on Exhibit A-1 attached hereto and made a part hereof by reference and incorporation, together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto.

Oklahoma Property: The Oklahoma Land and related Leased Improvements located thereon relating to the Oklahoma Facility.

Operating Agreements: With respect to each Facility Lessee, all written agreements to which such Facility Lessee is a party with respect to the ownership, operation or management of the Business at a Property, including, without limitation, any and all service and maintenance contracts, management agreements, equipment leases, consulting agreements, laboratory servicing agreements, pharmaceutical contracts and physician, other clinician or other professional services provider contracts, but excluding employment contracts and any Participation Agreements, as the same may from time to time be amended, restated, supplemented, renewed or modified.

Option Price: As defined in Section 14.2(a).

Oregon Facility: That certain eighty-eight (88)-licensed bed general acute care hospital facility operated at the Oregon Property.

Oregon Land: That certain real property located in Willamette, Amhill County, Oregon, as more particularly described on Exhibit A-2 attached hereto and made a part hereof by reference and incorporation, together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto.

Oregon Lessee: Willamette Valley Medical Center, LLC, a Delaware limited liability company, together with its successors and permitted assigns.

Oregon Lessor: MPT of McMinnville-Capella Hospital, LLC, a Delaware limited liability company, together with its successors and assigns.

Oregon Property: The Oregon Land and related Leased Improvements located thereon relating to the Oregon Facility.

Organizational Documents: With respect to any Person, the articles of incorporation or organization, certificate of incorporation or formation or other formation document, together with all other documents creating and governing such Person, including stockholder agreements, limited liability company or operating agreements, partnership agreements and bylaws.

Other Credit Enhancements: As defined in Section 30.2.

Overdue Rate: On any date, the Lease Rate plus Five Percent (5%).

Participation Agreements: With respect to each Facility Lessee, all third-party payor participation or reimbursement agreements, and provider numbers and provider agreements, to which such Facility Lessee is a party relating to rights to payment or reimbursement from, and claims against, private insurers, managed care plans, employee assistance programs, Blue Cross and/or Blue Shield, governmental authorities, Medicare, Medicaid and TRICARE, and other third-party payors, as the same may from time to time be amended, restated, extended, supplemented or modified, together with all rights, privileges and entitlements thereunder.

Patriot Act: The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as the same may be amended, modified or restated from time to time.

Permitted Exceptions: As defined in Article II.

Person: An individual, a corporation, a limited liability company, a general or limited partnership, an unincorporated association, a joint venture, a Governmental Body or another entity or group.

Personal Property: With respect to a Facility Lessee, all of such Facility Lessee's consumable inventory and supplies, machinery, equipment, furniture, furnishings, trailers, movable walls or partitions, computers, trade fixtures and other tangible personal property (including all such items not permanently affixed to the applicable Property), currently owned and acquired after the execution of this Lease, and necessary, used, or useful in the operation of the applicable Facility, but excluding any items within the definition of Fixtures.

Pledge Agreement: That certain Pledge Agreement, dated as of the date hereof, by and among the Capella Holdings and the other "Pledgors" (as defined therein), Capella Healthcare and the other "Pledge Obligors" (as defined therein), Lessor, MPT TRS and the MPT Lenders, as the same may be amended, modified and/or restated from time to time.

Primary Intended Use: As defined in Article VII.

Properties; Property: Individually and collectively, all of the Oklahoma Property, the Oregon Property, the South Carolina Property and, following the Initial Commencement Date, any New Property, each sometimes individually referred to as a "Property."

Property Substitution: As defined in Section 35.1.

Property Substitution Date: With respect to any applicable Property, the effective date of a Property Substitution.

Proprietary Information: As defined in Article XXIV(j).

RCRA: As defined in the definition of “Hazardous Materials Law.”

Real Estate Loan Agreement: That certain Real Estate Loan Agreement, dated as of the date hereof, executed by the Borrower Affiliates and the MPT Lenders, as the same may be modified, amended or restated from time to time.

Real Estate Note: The “Note” under and as defined in the Real Estate Loan Agreement.

Real Estate Mortgages: The “Mortgages” under and as defined in the Real Estate Loan Agreement.

Real Estate Taxes: All taxes, assessments and special assessments, and dues which are levied or imposed during the Term upon the Leased Property.

Rent: Collectively, the Base Rent (as increased in accordance with the provisions of Section 3.1(b)), the Oklahoma Ground Lease Rent and the Additional Charges.

Rent Schedule: As defined in Section 3.1(c).

Required Capital Additions: As defined in Section 10.1.

Replacement Property: As defined in the definition of Substitute Property.

Request: As defined in Section 10.3(a).

Reserve: As defined in Section 9.2(a).

Reserve Cap: As defined in Section 9.2(a).

Reserve Payment Date: January 1, April 1, July 1 and October 1 of each year, beginning with October 1, 2015 (provided, that an installment is due on the Initial Commencement Date as provided in Section 9.2).

RFFE Loans: As defined in Article XVII.

SARA: As defined in the definition of “Hazardous Materials Law.”

Security Agreement: That certain Security Agreement, dated as of the date hereof, among Lessor, MPT TRS, the MPT Lenders, Lessee, the Borrower Affiliates and the other Obligors, as the same may be modified, amended, restated or supplemented from time to time.

Severance Date: As defined in Section 30.2.

Severance Notice: As defined in Section 30.2.

Severed Lease: As defined in Section 30.2.

Severed Property: As defined in Section 30.2.

Single Purpose Entity: With respect to each Facility Lessee, an entity which (i) exists solely for the purpose of owning and/or leasing the Property operated by such Facility Lessee and conducting the operation of the Business thereon, including any business that relates to the business currently conducted by Capella Holdings (such as bariatric centers and/or health plans), (ii) conducts business only in its own name, (iii) does not engage in any business other than the ownership and/or leasing of such Property and the operation of the Business thereon, (iv) does not hold, directly or indirectly, any ownership interest (legal or equitable) in any entity or any real or personal property other than the interest in such Property and the other assets incident to the operation of the Business, (v) does not have any funded debt other than as permitted by this Lease or arising in the ordinary course of the Business and does not guarantee or otherwise obligate itself with respect to the debts of any other person or entity, other than as contemplated by this Lease, arising in the ordinary course of the Business or approved by Lessor in writing, (vi) has its own separate books, records, accounts, financial statements and tax returns, except that financial statements of the individual Facility Lessees may be consolidated, (vii) holds itself out as being a company separate and apart from any other entity, and (viii) maintains all entity formalities independent of any other entity.

South Carolina Facility: That certain one hundred sixteen (116)-licensed bed general acute care hospital facility operated at the South Carolina Property.

South Carolina Land: That certain real property located in Hartsville, Darlington County, South Carolina, as more particularly described on Exhibit A-1 attached hereto and made a part hereof by reference and incorporation, together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto.

South Carolina Lessee: Hartsville, LLC, a South Carolina limited liability company, together with its successors and permitted assigns.

South Carolina Lessor: MPT of Hartsville-Capella Hospital, LLC, a Delaware limited liability company, together with its successors and assigns.

South Carolina Property: The South Carolina Land and related Leased Improvements located thereon relating to the South Carolina Facility.

State Regulatory Authorities: As applicable to each Facility, the state licensing and certification agencies, together with all applicable statutes and regulations, related to healthcare facilities in each respective state.

Subordination of Management Agreement: That certain Subordination of Management Agreement, dated as of the date hereof, executed by Sunergeo Health and certain of the Obligors in favor of Lessor, MPT TRS and the MPT Lenders, as the same may be amended, modified, restated and/or supplemented from time to time.

Substitute Property: With respect to any Property, a fee interest in land and improvements thereon which may be included in the Property Substitution, with respect to

which: (i) such improvements consist solely of a general acute care hospital location (the “Replacement Property”), and which may also include medical office buildings, clinics and other improvements either necessary for or commonly associated with the operation of a Replacement Property or consented to by Lessor in its sole and absolute discretion (provided, however, that if such Replacement Property and related improvements shall have existed and have been operated by an Affiliate of Lessee for not less than two (2) full years prior to the proposed Property Substitution Date, then Lessor’s consent to such Replacement Property and related improvements shall not be unreasonably withheld, conditioned or delayed); (ii) financial records pertaining to such operations (which records will include audited financial statements if available) shall have been made available to Lessor; (iii) all certificates of need, permits, approvals and authorizations pertaining to ownership and operation of such land and improvements as Replacement Property shall be in full force and effect, free of material defaults or notices of material default; (iv) neither the Property Substitution nor the utilization of such land and improvements in a Property Substitution will result in the realization of taxable income or gain to MPT or its Equity Constituents under the Code, as determined by MPT in its sole discretion; and (v) neither the Property Substitution nor the utilization of such land and improvements in a Property Substitution will jeopardize MPT’s status as a qualified real estate investment trust under the Code, as determined by MPT in its sole discretion.

Sunergeo Health: Sunergeo Health Partners, LLC, a Delaware limited liability company.

Taking: A taking or voluntary conveyance during the Term of all or part of any Property, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of, any Condemnation or other eminent domain proceeding affecting such portion of the Leased Property whether or not the same shall have actually been commenced.

Tenant(s): The lessees, tenants, sublessees or subtenants under the Tenant Leases, if any.

Tenant Leases: All leases, subleases, pharmacy leases and other rental agreements (written or verbal, now or hereafter in effect), if any, including any Existing Subleases as described in Section 23.1, pursuant to which any Facility Lessee has granted or will grant a possessory interest in and to any space in or any part of the Leased Property, or that otherwise provide rights with respect to the Leased Property, and all Credit Enhancements, if any, held in connection therewith.

Term: With respect to a particular Property, the actual duration of this Lease, including the Fixed Term and the Extension Terms (if extended by Lessee).

Terminated Property: As defined in Section 16.1D.

Unsuitable for Its Use or Unsuitable for Its Primary Intended Use: As used anywhere in this Lease, the terms “Unsuitable for Its Use” or “Unsuitable for Its Primary Intended Use” shall mean that, with respect to any Property or part thereof, by reason of damage or destruction or a partial Taking by Condemnation, such Property cannot be operated on a commercially practicable basis for its Primary Intended Use, taking into account, all relevant factors (including, without limitation, anticipated repairs and/or restorations), and the effect of such damage or destruction or partial Taking.

USPAP: The Uniform Standards of Professional Appraisal Practice, as amended from time to time.

Vacated Property: As defined in Section 16.1A.

1.2 Interpretation; Terms Generally. The definitions set forth in Section 1.1 and elsewhere in this Lease shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless otherwise indicated, the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The words “herein”, “hereof and “hereunder” and words of similar import shall be deemed to refer to this Lease (including the Schedules and Exhibits) in its entirety and not to any part hereof, unless the context shall otherwise require. All references herein to Articles, Sections, Schedules and Exhibits shall be deemed to refer to Articles, Sections and Schedules of, and Exhibits to, this Lease, unless the context shall otherwise require. Unless the context shall otherwise require, any references to any agreement or other instrument or statute or regulation are to it as amended and supplemented from time to time (and, in the case of a statute or regulation, to any corresponding provisions of successor statutes or regulations). Any reference in this Lease to a “day” or number of “days” that does not refer explicitly to a “Business Day” or “Business Days” shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given on, the next Business Day. For all purposes hereunder, whenever reference is made to “continuance” or “continuation” of an Event of Default (or words of similar import), such reference shall mean that the relevant Event of Default has not been waived in writing by the Lessor (or Affiliate of Lessor) or (as to any Event of Default that is subject to cure) cured within the applicable cure period.

1.3 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. Defined terms and calculations in connection with the covenants and other provisions of this Lease, including Section 16.1(k), shall be based upon and utilize GAAP applied in a manner consistent with that used in preparing the financial statements referred to in Article XXIV(b)(i)-(iii). If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Lease, and Lessee shall so request, Lessor and Lessee shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided, that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Lessee shall provide to Lessor financial statements and other documents required under this Lease or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding the foregoing, (x) all financial statements

delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to an election under Statement of Financial Accounting Standards 159 (or any similar accounting principal) permitting a Person to value its financial liabilities at the fair market value thereof, and (y) any obligations of a Person under a lease (whether now existing or entered into in the future) that is not (or would not be) a capital lease obligation under GAAP as in effect on the Commencement Date, shall not be treated as a capital lease obligation solely as a result of the adoption of changes in GAAP outlined by the Financial Accounting Standards Board in its press release dated March 19, 2009.

1.4 **Certain Matters Relating to References to Leased Property.** References herein to “a portion” of the Leased Property (or words or phrases of similar import) shall mean, unless the context clearly indicates otherwise, a specific Property.

ARTICLE II
LEASED PROPERTY; TERM

Upon and subject to the terms and conditions hereinafter set forth, Lessor leases to Lessee and Lessee rents from Lessor all of Lessor’s rights and interest in and to the following property (collectively, and as modified from time to time pursuant to the terms of this Lease, the “Leased Property”):

(a) the Land; and

(b) the existing improvements on the Land and the buildings and any improvements constructed on the Land, including, but not limited to, all buildings, structures, Fixtures and other improvements of every kind, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and off-site), parking areas and roadways appurtenant to such buildings and structures presently or hereafter situated upon the Land, Capital Additions and all hereditaments, easements, rights of way and other appurtenances related thereto (collectively, the “Leased Improvements”).

SUBJECT, HOWEVER, to all applicable matters of record and any other matters as set forth on **Exhibits B-1 et seq.** (the “Permitted Exceptions”), Lessee shall have and hold the Leased Property for a fixed term (the “Fixed Term”) commencing on the Commencement Date and ending at midnight on the last day of the One Hundred Eightieth (180th) full month after the Initial Commencement Date, unless sooner terminated as herein provided.

So long as no Event of Default then exists and no event has then occurred which with the giving of notice or the passage of time or both would constitute such an Event of Default, Lessee shall have the option to extend the Fixed Term on the same terms and conditions set forth herein for four (4) additional periods of five (5) years each (each an “Extension Term”); it being understood and agreed that Lessee’s exercise of any such extension option must apply to the entire Leased Property. Lessee may exercise each such option by giving written notice to Lessor at least one hundred eighty (180) days prior to the expiration of the Fixed Term or Extension

Term, as applicable (the "Extension Notice"). If, during the period following the delivery of the Extension Notice to Lessor and prior to the effective date of such extension, an Event of Default shall occur which is continuing on the commencement date of the Extension Term, at Lessor's option, the Term shall not be so extended and Lessee shall be deemed to have forfeited all subsequent options to extend the Fixed Term of this Lease. If Lessee elects not to exercise its option to extend, all subsequent options to extend shall be deemed to have lapsed and be of no further force or effect.

Notwithstanding the foregoing, this Lease is expressly made subject to the terms and conditions of the Master Lease and the Oklahoma Ground Lease, copies of which have been provided to Lessee prior to the execution hereof. MPT Real Estate Owner has acknowledged and consented to the terms and provisions of this Lease and Lessee's rights as sublessee of the Leased Property, including, without limitation, Lessee's options to purchase the Leased Property as provided herein. MPT Real Estate Owner has further agreed to cooperate with Lessor and Lessee and to perform such acts and execute such agreements and instruments as shall be necessary to effect the terms and provisions of this Lease, and to comply with all requirements and perform all obligations pursuant to the Master Lease. Notwithstanding anything to the contrary contained in this Lease, if during the final Extension Term of this Lease, the Oklahoma Ground Lease expires by its terms without Lessor or Lessee being able to negotiate an extension of the term thereof acceptable to both parties, or Lessor rejects the Oklahoma Ground Lease in a bankruptcy proceeding, the Base Rent shall be reduced in accordance with Section 5.2. To the extent the Oklahoma Ground Lease has any renewal options that cover a period during the Term, Lessee and Lessor agree that Lessor shall exercise such renewal options.

ARTICLE III
RENT

3.1 **Rent.** During the Term, Lessee shall pay to Lessor, in advance and without notice, demand, set off or counterclaim, in lawful money of the United States of America, at Lessor's address set forth herein or at such other place or to such other person, firm or entity as Lessor may designate from time to time in writing in accordance with Article XXXII, the Rent as provided in this Lease. Lessor has the sole discretion to determine, the method of payment of Rent, and will require that such payments initially be forwarded to Lessor utilizing the Automated Clearing House ("ACH") Network. Lessee shall take all reasonably necessary steps and bear any and all reasonable costs associated with utilizing ACH to timely deliver payments of Rent to Lessor. All payments of Rent made through ACH remain payments of Rent and, as such, are subject to all terms and conditions of this Lease, including, but not limited to, the default provisions. With respect to each Facility, Rent shall be calculated and payable as follows:

(a) **Allocated Base Rent.** With respect to each Property, subject to adjustment as provided herein (including adjustments set forth in Section 3.1(b) below), Lessee shall pay to Lessor in advance on the first (1st) day of each calendar month during the Term base rent allocated thereto (the "Allocated Base Rent") in an amount equal to the product of (i) the Lease

Base for such Property as of the last day of the immediately preceding month (or as of the Commencement Date with respect to the amount payable for the first month of the Term), multiplied by (ii) the Lease Rate, divided by (iii) twelve (12); provided, however, if the Commencement Date with respect to such Property is other than the first day of a calendar month, Allocated Base Rent for the period from the Commencement Date for such Property to the first day of the first (1st) full month shall be prorated on a per diem basis based upon a three hundred sixty (360) and shall be paid on the Commencement Date. Lessor and Lessee acknowledge that the Allocated Base Rent is payable in advance and, accordingly, with respect to additions to the Lease Base and Capital Additions funded by Lessor with respect to any Property on or after the first (1st) day of any month (and, therefore, not included in the calculation of the Allocated Base Rent paid in advance for a particular month with respect to such Property), Allocated Base Rent shall include a per diem Allocated Base Rent for the prior month (prorated based upon a three hundred sixty (360) day year in the same manner as set forth above) to be calculated by multiplying the amount of any such advance by the Lease Rate for such Property. Lessor shall provide Lessee with an invoice of such amounts prior to the first day of the next calendar month (the "Interim Capital Addition Rent"); provided, however, Lessor's failure to provide Lessee with an invoice for the Interim Capital Addition Rent relating to any Property prior to the first day of the next calendar month shall not limit or affect the Lessee's obligations hereunder to pay such Interim Capital Addition Rent. Allocated Base Rent and Interim Capital Addition Rent relating to each Property shall be payable in advance in equal, consecutive monthly installments.

(b) **Adjustment of Allocated Base Rent.** With respect to each Property, commencing on January 1, 2017, and continuing on each January 1 thereafter (each an "Adjustment Date") during the Term, the Lease Rate applicable to such Property shall be increased (and in no event decreased) and shall be equal to the sum of (i) the Lease Rate for such Property previously in effect, and (ii) the product of such previous Lease Rate multiplied by the greater of (A) Two Percent (2.0%) and (B) the percentage by which the CPI published for the month of October prior to the applicable Adjustment Date shall have increased over the CPI figure published for the month of October prior to the previous Adjustment Date (the CPI figure published for the month of October 2015 shall be used in connection with the recalculation on January 1, 2017) (such escalator used in calculating the adjusted Lease Rate being referred to herein as the "Escalator"); provided, however, that in no event shall the Escalator be greater than Four Percent (4.0%) on any Adjustment Date. For any monetary increases or adjustments that cannot be determined as of the applicable Adjustment Date due to then unknown variables (such as CPI), such amounts shall become due (and calculated retroactively to the Adjustment Date) and payable as of the time of determination.

(c) **Rent Schedule.** From time to time during the Term, Lessor may, in its reasonable discretion, calculate the Base Rent and Interim Capital Addition Rent payable hereunder (the "Rent Schedule"), and provide a copy of such Rent Schedule to Lessee. Base Rent, as calculated in accordance with Sections 3.1(a) and 3.1(b) above, shall include Interim Capital Addition Rent and Allocated Base Rent payable with respect to the entire Leased

Property. The Rent Schedule shall be adjusted and substituted on a periodic basis by Lessor, in its reasonable discretion, as the Interim Capital Addition Rent and Base Rent are adjusted and calculated during the Term as provided herein. Lessor's failure to provide a copy of the Rent Schedule or substitute or adjusted Rent Schedule shall not limit or affect the Lessee's obligations hereunder.

3.2 **Additional Charges.** In addition to the Base Rent and the Oklahoma Ground Lease Rent that Lessee assumes or agrees to pay under this Lease, (a) Lessee will pay and discharge as and when due and payable other amounts, liabilities, obligations and Impositions related to the ownership, use, possession and operation of the Leased Property, including, without limitation, all costs of owning and operating each Facility, all Real Estate Taxes, Insurance Premiums, maintenance and capital improvements, all violations of and defaults under any of the Permitted Exceptions, and all licensure violations, civil monetary penalties and fines, and (b) in the event of any failure on the part of Lessee to pay any of those items referred to in clause (a) above, Lessee will also promptly pay and reimburse Lessor, MPT Real Estate Owner and/or their respective Affiliates for all such amounts paid by Lessor, MPT Real Estate Owner and/or their Affiliates and promptly pay and discharge every fine, penalty, interest and cost which may be added for non-payment or late payment of such items (the items referred to in clauses (a) and (b) above being referred to herein collectively as the "Additional Charges"), and Lessor shall have all legal, equitable and contractual rights, powers and remedies provided in this Lease, by statute, or otherwise, in the case of non-payment of the Additional Charges, as in the case of the Base Rent. If any installment of Base Rent or Additional Charges shall not be paid within five (5) Business Days after the applicable due date, Lessee, in addition to all other obligations hereunder, will pay to Lessor on demand as Additional Charges, a late charge computed at the Overdue Rate on the amount of such installment from the due date of such installment to the date of payment thereof, and a Late Payment Penalty with respect to such installment. To the extent that Lessee pays any Additional Charges to Lessor pursuant to clause (b) above or pursuant to any other requirement of this Lease, Lessee shall be relieved of its obligation to pay such Additional Charges to the entity to which they would otherwise be due. Nothing in this Section 3.2 limits the provisions of Article XXII.

3.3 **Rent and Payments under the Oklahoma Ground Lease.** Lessee shall pay all rent and all other charges and amounts due and payable under the Oklahoma Ground Lease (collectively, the "Oklahoma Ground Lease Rent") during the Term directly to the "Landlord" thereunder as and when the same becomes due and payable as required under the Oklahoma Ground Lease, and Lessee shall provide Lessor with reasonable evidence of payment each month confirming that the Oklahoma Ground Lease Rent has been timely paid.

ARTICLE IV IMPOSITIONS

4.1 **Payment of Impositions.** Subject to and without limiting Article XII relating to permitted contests, Lessee will pay, or cause to be paid, all Impositions before any fine, penalty, interest or cost may be added for non-payment, with such payments to be made directly to the

taxing or assessing authorities, and Lessee will promptly furnish to Lessor copies of official receipts or other satisfactory proof evidencing such payments. Lessee's obligation to pay such Impositions shall be deemed absolutely fixed upon the date that any such Imposition becomes a lien upon the Leased Property or any part thereof. If any such Imposition may lawfully be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessee may, with Lessor's consent, not to be unreasonably withheld, conditioned or delayed, exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments during the Term (subject to and without limiting Lessee's right of contest pursuant to the provisions of Article XII) as the same respectively become due. Lessor, at its expense, shall, to the extent permitted by applicable law, prepare and file all tax returns and reports as may be required by governmental authorities in respect of Lessor's net income, gross receipts, franchise taxes and taxes on its capital stock, and Lessee, at its expense, shall, to the extent permitted by applicable laws and regulations, prepare and file all other tax returns and reports in respect of any Imposition as may be required by governmental authorities. If any refund shall be due from any taxing authority with respect to any Imposition paid by Lessee, the same shall be paid over to, or retained by, Lessee provided no Event of Default shall have occurred and be continuing. Any such funds retained by Lessor due to an Event of Default shall be applied as provided in Article XVI. Lessor and Lessee shall, upon request of the other, provide any data (i) that is maintained by the party to whom the request is made, and (ii) that pertains to the Leased Property, as may be necessary to prepare any required returns and reports. In the event that any Governmental Body classifies any property covered by this Lease as personal property, Lessee shall file all personal property tax returns in such jurisdictions where it may legally so file. Lessor, to the extent it possesses the same, and Lessee, to the extent it possesses the same, will provide the other party, upon request, with cost and depreciation records necessary for filing returns for any property so classified as personal property. In the event that Lessor is legally required to file personal property tax returns, Lessee will be provided with copies of assessment notices indicating a value in excess of the reported value in sufficient time for Lessee to file a protest. After obtaining written approval from Lessor, which approval shall not to be unreasonably withheld, conditioned or delayed, Lessee may, at Lessee's sole cost and expense, protest, appeal, or institute such other proceedings as Lessee may deem appropriate to effect a reduction of real estate or personal property assessments, and Lessor, at Lessee's expense as aforesaid, shall fully cooperate with Lessee in such protest, appeal, or other action. Billings for reimbursement by Lessee to Lessor of personal property taxes shall be accompanied by copies of a bill therefor and payments thereof which identify the personal property with respect to which such payments are made.

4.2 **Adjustment of Impositions.** Impositions that are levied or assessed with respect to the tax-fiscal period during which the Term terminates, unless Lessee purchases the Leased Property pursuant to purchase options expressly provided herein, if any, shall be adjusted and prorated between Lessor and Lessee, whether or not such Imposition is imposed before or after such termination, and Lessee's obligation to pay its prorated share thereof shall survive such termination.

4.3 **Utility Charges.** Lessee will contract for, in its own name, and will pay or cause to be paid all charges for electricity, power, gas, oil, sewer, water and other utilities used in connection with the Leased Property during the Term, including, without limitation, all impact and tap fees necessary for the operation of the Facilities, except to the extent that such impact and tap fees were or are to be paid by Lessor as part of the cost of a Capital Addition.

4.4 **Insurance Premiums.** Lessee shall contract for, in its own name, and shall pay or cause to be paid all premiums for the insurance coverage required to be maintained pursuant to Article XIII during the Term (the "Insurance Premiums").

ARTICLE V
ABSOLUTE NET LEASE; NO TERMINATION;
TERMINATION WITH RESPECT
TO FEWER THAN ALL PROPERTIES

5.1 **Absolute Net Lease; No Termination.** The parties understand, acknowledge and agree that this is an absolute net lease and this Lease shall yield to Lessor the full amount of the installments of Base Rent and the payments of Additional Charges throughout the Term. Lessee further acknowledges and agrees that all charges, assessments or payments of any kind are due and payable without notice, demand, set off or counterclaim (other than notices to Lessee that are expressly required hereunder) and shall be paid by Lessee as they become due and payable. Lessee shall remain bound by this Lease in accordance with its terms and shall neither take any action without the consent of Lessor to modify, surrender or terminate the same, nor seek nor be entitled to any abatement, deduction, deferment or reduction of Rent (except as expressly provided herein), or set-off against the Rent, nor shall the respective obligations of Lessor and Lessee be otherwise affected by reason of (a) any damage to, or destruction of, any Property from whatever cause or any Taking of any Property or any portion thereof (except as expressly provided herein), (b) the lawful or unlawful prohibition of, or restriction upon, Lessee's use of the Leased Property, or any portion thereof, or the interference with such use by any person, corporation, partnership or other entity, or by reason of eviction by paramount title; (c) any claim which Lessee has or might have against Lessor or by reason of any default or breach of any warranty by Lessor under this Lease or any other agreement between Lessor and Lessee, or to which Lessor and Lessee are parties, (d) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Lessor or any assignee or transferee of Lessor, or (e) any other cause whether similar or dissimilar to any of the foregoing other than a discharge of Lessee from any such obligations as a matter of law. Lessee hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law to (i) modify, surrender or terminate this Lease or quit or surrender the Leased Property or any portion thereof, or (ii) entitle Lessee to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Lessee hereunder, except as otherwise specifically provided in this Lease. The obligations of Lessor and Lessee hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Lessee hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease or by termination of this Lease other than by reason of an Event of Default.

5.2 **Termination with Respect to Fewer than All Properties.** Wherever in this Lease the action of terminating this Lease with respect to a particular Property (or action of similar import) is described or permitted, such action shall mean the termination of Lessee's rights in and to such Property. Notwithstanding anything in this Lease to the contrary, if this Lease shall be terminated by Lessor or Lessee pursuant to rights granted hereunder with respect to any particular Property, such termination shall not affect the Term of this Lease with respect to the balance of the Leased Property relating to Properties not so terminated and this Lease shall continue in full force and effect with respect to such portion of the Leased Property, except that (a) the total Base Rent payable hereunder shall be reduced by the amount of Allocated Base Rent with respect to the Property as to which this Lease has been so terminated, (b) all references herein to Leased Property shall thereafter no longer include such terminated Property, (c) the terminated Property shall no longer be leased hereunder, and (d) provided that all of Lessee's obligations hereunder with respect to such portion of the Leased Property (excluding unasserted contingent indemnification obligations) have been paid in full to Lessor, the relevant Facility Lessee shall no longer be a Facility Lessee hereunder or a party hereto with respect to such Property (and for the avoidance of doubt, if all Properties of a Facility Lessee shall have been so terminated, such Facility Lessee shall no longer be a Facility Lessee hereunder or a party hereto); subject, however, to Lessor's right, in the event of any such termination because of an Event of Default, to recover damages with respect to any such terminated Property.

ARTICLE VI
OWNERSHIP OF LEASED PROPERTY AND PERSONAL PROPERTY

6.1 **Ownership of the Leased Property.** Lessee acknowledges that the Leased Property is the property of MPT Real Estate Owner (except that the Leased Improvements located on the Oklahoma Ground Leased Land will revert to the "Landlord" under the Oklahoma Ground Lease upon the expiration thereof), that MPT Real Estate Owner has leased the Leased Property to Lessor and that Lessee has only the right to the possession and use of the Leased Property as a sublessee of Lessor and upon and subject to the terms, provisions and conditions of this Lease, the Master Lease, the Oklahoma Ground Lease and the Existing Subleases.

6.2 **Lessee's Personal Property.** Lessee, at its expense, shall install, affix, assemble and place on the Leased Property the Lessee's Personal Property, which Lessee's Personal Property shall be subject to any security interests and liens as provided in Section 16.6. Except for inventory or for removal because of damage, obsolescence, upgrade or replacement, Lessee shall not, without the prior written consent of Lessor (such consent not to be unreasonably withheld, conditioned or delayed provided that no Event of Default then exists), remove any of Lessee's Personal Property from the Leased Property. Lessee shall provide and maintain during the entire Term all such Lessee's Personal Property as shall be necessary to operate each Property in compliance in all material respects with all licensure and certification requirements, in

compliance in all material respects with all applicable Legal Requirements and Insurance Requirements, and otherwise in accordance with customary practice in the industry for the Primary Intended Use. Following the expiration or earlier termination of this Lease with respect to any one or more of the Properties and subject to Lessor's option to purchase such Lessee Personal Property as provided in Section 34.2, Lessee agrees that all of Lessee's Personal Property relating to such one or more Properties (for which Lessor has authorized removal as provided above) not removed by Lessee within fifteen (15) days following the expiration or earlier termination of this Lease with respect thereto shall be considered abandoned by Lessee and may be appropriated, sold, destroyed or otherwise disposed of by Lessor (at Lessee's cost) with prior written notice thereof to Lessee, without any payment to Lessee and without any obligation to Lessee to account therefor. Lessee will, at its expense, restore the Leased Property and repair all damage to the Leased Property caused by the installation or removal of Lessee's Personal Property, whether affected by Lessee, Lessor, any Lessee lender, or any Facility Lender, unless caused by the gross negligence or willful misconduct of Lessor or any Facility Lender.

ARTICLE VII
CONDITION AND USE OF LEASED PROPERTY

7.1 **Condition of the Leased Property.** Lessee acknowledges receipt and delivery of possession of the Leased Property and that Lessee has examined and otherwise has acquired knowledge of the condition of the Leased Property prior to the execution and delivery of this Lease and has found the same to be in good order and repair and satisfactory for its purpose hereunder. Lessee is leasing the Leased Property "as is" and "where is" in its present condition. Lessee has not relied on any representation or warranty by Lessor and hereby waives any claim or action against Lessor in respect of the condition of the Leased Property. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, SUITABILITY, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, AS TO QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. LESSEE ACKNOWLEDGES THAT THE LEASED PROPERTY HAS BEEN INSPECTED BY LESSEE AND IS SATISFACTORY TO IT. ACCORDINGLY, LESSEE HEREBY ACKNOWLEDGES THAT LESSOR HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LESSOR BE DEEMED TO HAVE MADE ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ALL WARRANTIES THAT THE LEASED PROPERTY IS FREE FROM VICIES, DEFECTS AND DEFICIENCIES, WHETHER HIDDEN OR APPARENT OR ANY WARRANTY AS TO THE FITNESS, DESIGN OR CONDITION OF THE LEASED PROPERTY FOR ANY PARTICULAR USE OR PURPOSE OF SUCH LEASED PROPERTY. THE PROVISIONS OF THIS SECTION 7.1 HAVE BEEN NEGOTIATED, AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES BY LESSOR, EXPRESS, IMPLIED OR CREATED BY APPLICABLE LAW, WITH RESPECT TO THE CONDITION OF THE LEASED PROPERTY.

7.2 Use of the Leased Property. Each Property shall be operated as a licensed general acute care hospital facility and for such other legal ancillary uses as may be necessary in connection with or incidental to such uses and, in each case, subject to all covenants, restrictions, easements and all other matters of record (including those set forth in the Permitted Exceptions) relating to the applicable Property (collectively, the "Primary Intended Use"). Lessee shall comply in all material respects with all Legal Requirements and shall maintain all Licenses, including, but not limited to, Medicare and/or Medicaid certifications, provider numbers and agreements, certificates of need, governmental approvals, and full accreditation from all applicable governmental authorities, if any, that are necessary for the operation of Business with respect to the applicable Property consistent with the Primary Intended Use.

(a) Except as expressly authorized herein, Lessee shall not use any Property for any use other than as provided herein, nor change the number or type of beds within any Facility, in either case, without the prior written consent of Lessor, not to be unreasonably withheld, conditioned or delayed.

(b) No use shall be made or permitted to be made of the Leased Property and no acts shall be done which will cause the cancellation of any insurance policy covering the Leased Property or any part thereof, nor shall Lessee sell or otherwise provide to residents or patients therein, or permit to be kept, used or sold in or about the Leased Property any article which is prohibited by law or by the standard form of fire insurance policies, any other insurance policies required to be carried hereunder, or fire underwriters regulations. Lessee shall, at its sole cost, comply in all material respects with all of the requirements, covenants and restrictions pertaining to the Leased Property, including, without limitation, all of the Permitted Exceptions, and other requirements of any insurance board, association, organization or company necessary for the maintenance of the insurance, as herein provided, covering the Leased Property and Lessee's Personal Property.

(c) Lessee shall continuously operate the Leased Property only in accordance with the Primary Intended Use and as a provider of goods and services incidental thereto and Lessee shall maintain its certifications for reimbursement and licensure and all accreditations.

(d) Lessee shall not commit or suffer to be committed any waste on the Leased Property, or in any of the Facilities, nor shall Lessee cause or permit any nuisance thereon.

(e) Lessee shall neither suffer nor permit the Leased Property or any portion thereof, including any Capital Addition whether or not funded by Lessor, or Lessee's Personal Property, to be used in such a manner as (i) might reasonably tend to impair Lessor's (or Lessee's, as the case may be) title thereto or to any portion thereof, or (ii) may reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Leased Property or any portion thereof.

(f) With respect to each Property, Lessor shall have the right and option to erect a sign on such Property stating that such Property is owned by MPT Real Estate Owner. Such sign shall be in a size, and shall be erected in a location acceptable to Lessor and MPT Real Estate Owner and approved by Lessee, which approval shall not be unreasonably withheld, conditioned or delayed. Lessor shall be responsible for all costs related to such signage and complying with all Legal Requirements with respect to such signage.

7.3 **Lessor to Grant Easements.** From time to time during the Term, upon the request of Lessee, and so long as no Event of Default then exists, and no event has then occurred which with the giving of notice or the passage of time or both would constitute such an Event of Default, Lessor may, in its reasonable discretion, subject to the terms of the Master Lease and the Oklahoma Ground Lease (if applicable), and at Lessee's cost and expense, (a) grant easements and other rights in the nature of easements, (b) release existing easements or other rights in the nature of easements which are for the benefit of the Leased Property or any portion thereof; (c) dedicate or transfer unimproved portions of the Leased Property for road, highway or other public purposes; (d) execute petitions to have the Leased Property or any portion thereof annexed to any municipal corporation or utility district; (e) execute amendments to any covenants and restrictions affecting the Leased Property or any portion thereof; and (f) execute and deliver to any person any instrument appropriate to confirm or effect such grants, releases, dedications and transfers (to the extent of its interest in the Leased Property), but only upon delivery to Lessor of such information as Lessor may reasonably require confirming that such grant, release, dedication, transfer, petition or amendment is required for, and not materially detrimental to, the proper conduct of the Primary Intended Use on the Leased Property and does not reduce the value of the Leased Property or any portion thereof.

ARTICLE VIII LEGAL AND INSURANCE REQUIREMENTS

8.1 **Compliance with Legal and Insurance Requirements.** Subject to Article XII relating to permitted contests, Lessee, at its expense, (a) shall comply in all material respects with all Legal Requirements and Insurance Requirements applicable to Lessee and the use, operation, maintenance, repair and restoration of the Facilities and the Leased Property, whether or not compliance therewith shall require structural change in any of the Leased Improvements or interfere with the use and enjoyment of the Leased Property; (b) shall not use the Leased Property and Lessee's Personal Property for any unlawful purpose; (c) shall procure, maintain and comply in all material respects with all Licenses and other governmental approvals and authorizations required for any use of the Leased Property and Lessee's Personal Property then being made, and for the proper erection, installation, operation and maintenance of the Leased Property or any part thereof, including, without limitation, any Capital Additions; and (d) shall use its commercially reasonable efforts consistent with its rights under the Tenant Leases to cause all Tenants to acquire and maintain all licenses, certificates, permits, provider agreements and other authorizations and approvals necessary to operate in its customary manner any portion of the Leased Property subleased to them for the Primary Intended Uses and any other uses conducted on the Leased Property as may be permitted from time to time hereunder, it being

acknowledged by Lessor that any failure by any Tenant under this clause (d) shall not cause (or be deemed to cause) a breach by Lessee of this Section 8.1 unless Lessee has so failed to use commercially reasonable efforts. Lessee's use of the Leased Property, the use of all Lessee's Personal Property used in connection with the Leased Property, and the maintenance, alteration, and operation of the same, and all parts thereof, shall at all times conform in all material respects to all Legal Requirements. Upon Lessor's request, Lessee shall deliver to Lessor copies of all such Licenses and other approvals and authorizations. Lessee shall indemnify and defend, at Lessee's sole cost and expense, and hold Lessor, MPT Real Estate Owner and their respective successors and assigns harmless from and against and agrees to reimburse Lessor, MPT Real Estate Owner and their respective successors and assigns with respect to any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Lessor, MPT Real Estate Owner and their respective successors and assigns, at any time and from time to time by reason or arising out of any breach by Lessee of any of the provisions of this Article VIII or any breach or violation by Lessee of any Legal Requirements, including any and all such claims, demands, liabilities, damages, costs and expenses relating to immaterial violations or breaches of this Section 8.1, except to the extent arising solely as a result of the gross negligence or willful misconduct of Lessor or MPT Real Estate Owner.

8.2 Hazardous Materials. Lessee shall ensure that the Leased Property and the operation of the Business thereon complies in all material respects with all Hazardous Materials Laws. Except for Hazardous Materials generated, used, installed, manufactured, treated, handled, refined, produced, processed, stored or disposed of in the normal course of business regarding the Primary Intended Use or the conduct of the Business (which Hazardous Materials shall be handled and disposed of in compliance in all material respects with all Hazardous Materials Laws), Lessee shall not cause any Hazardous Materials to be installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, or otherwise present in, on or under any Property or in connection with the conduct of the Business thereon in a manner that could result in a material violation of any Hazardous Materials Laws. Lessee shall take commercially reasonable precautions to ensure that no activity shall be undertaken on any Property or in connection with the operation of the Business thereon which would cause (a) any Property to become a treatment, storage or disposal facility of hazardous waste, infectious waste, biomedical or medical waste, within the meaning of, or otherwise bring such Property within the ambit of RCRA as a treatment, storage or disposal facility, (b) a release of Hazardous Materials from any Property within the meaning of, or otherwise bring such Property within the ambit of, and as would give rise to material liability under CERCLA or SARA or any similar Hazardous Materials Laws, (c) the discharge of Hazardous Materials into any watercourse, surface or subsurface of body of water or wetland, or the discharge into the atmosphere of any Hazardous Materials, except as authorized under a permit under any Hazardous Materials Laws, in a manner that would give rise to a material liability under Hazardous Materials Laws, or (d) a material violation or a material claim under RCRA, CERCLA, SARA or any Hazardous Materials Laws. Lessee shall, at its sole cost, expense, risk and liability, remove or cause to be removed from any

Property all Hazardous Materials generated in connection with the Primary Intended Use and as found in hospital and healthcare facilities, including, without limitation, all infectious waste materials, syringes, needles and any materials contaminated with bodily fluids of any type, character or description of whatsoever nature to the extent required to comply in all material respects with all Hazardous Materials Laws. Lessee shall not dispose of any such infectious waste and Hazardous Materials in any receptacles used for the disposal of normal refuse to the extent such disposal is not in compliance in all material respects with any Hazardous Materials Laws. Lessee shall indemnify and defend, at its sole cost and expense, and hold Lessor, MPT Real Estate Owner and their respective successors and assigns, harmless from and against and to reimburse Lessor and its successors and assigns with respect to any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Lessor, MPT Real Estate Owner and their respective successors and assigns at any time and from time to time by reason or arising out of any breach by Lessee of this Section 8.2 or any other violation of this Section 8.2 by any Person other than Lessor, MPT Real Estate Owner and their respective successors and assigns, including any and all such claims, demands, liabilities, damages, costs and expenses relating to immaterial violations or breaches of this Section 8.2, except to the extent arising as a result of the gross negligence or willful misconduct of Lessor, MPT Real Estate Owner and their respective successors and assigns.

8.3 Healthcare Laws.

(a) Lessor and Lessee acknowledge and agree that all compensation paid hereunder between the parties has been determined by the parties through good-faith and arm's-length bargaining and is believed to represent fair market value for the Leased Property. No payment made under this Lease is contingent on the referral of any patient or any other business. Neither Lessor nor Lessee intends any portion of the payments made under this Lease to influence or reward the referral of any patients or other business that will be paid for from any state or federal health care insurance programs, including Medicare or any state Medical Assistance program.

(b) Lessee hereby covenants, warrants and represents to Lessor that throughout the Term, each Facility Lessee shall: (a) be validly licensed, Medicare and/or Medicaid certified, and, if required, accredited to operate the Facilities in accordance with the applicable rules and regulations of the State in which the applicable Facility is located, federal governmental authorities, and accrediting bodies, including, but not limited to, DHHS and CMS; (b) be certified by and the holder of valid provider agreements with Medicare/Medicaid issued by DHHS, DHS and/or CMS and shall remain so certified and shall remain such a holder of such licenses and Medicare and/or Medicaid certifications for it to operate in accordance with the Primary Intended Use; (c) be in substantial compliance with all state and federal laws, rules, regulations and procedures with regard to the operation of the Facility operated by such Facility Lessee, including, without limitation, substantial compliance under HIPAA; (d) operate the Facility operated by such Facility Lessee in a manner consistent with quality acute care services and sound reimbursement principles under the Medicare and/or Medicaid programs and as

required under state and federal law; and (e) not abandon, terminate, vacate or fail to renew any license, certification, accreditation, certificate, approval, permit, waiver, provider agreement or any other authorization which is required or material for the lawful and proper operation of the Facility operated by such Facility Lessee or in any way commit any act which will or could reasonably be expected to cause any such license, certification, accreditation, certificate, approval, permit, waiver, provider agreement or other authorization required to operate a Facility to be revoked by any federal, state or local governmental authority or accrediting body having jurisdiction thereof.

(c) Lessee represents, warrants and covenants that Lessee, this Lease and all Tenant Leases are, and at all times during the Term will be, in compliance in all material respects with all Healthcare Laws. In the event it is determined that any provision of this Lease is in violation of the Healthcare Laws, the parties in good faith shall renegotiate such provision so that same is in compliance with all Healthcare Laws. Lessee shall add to all of its third party agreements relating to any portion of the Leased Property, including, without limitation, all Tenant Leases, that in the event it is determined that such agreement and/or Tenant Lease is in violation of the Healthcare Laws, such agreement and/or Tenant Lease shall be renegotiated so that same are in compliance with all Healthcare Laws. Lessee shall indemnify and defend, at Lessee's sole cost and expense, and hold Lessor, MPT Real Estate Owner and their respective successors and assigns, harmless from and against, and shall reimburse Lessor, MPT Real Estate Owner and their respective successors and assigns with respect to, any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Lessor, MPT Real Estate Owner and their respective successors and assigns, at any time and from time to time by reason, or arising out, of any breach by Lessee of any of the provisions set forth in this Section 8.3 or any violation of any Healthcare Laws by Lessee, including any and all such claims, demands, liabilities, damages, costs and expenses relating to immaterial violations or breaches of this Section 8.3.

8.4 Single Purpose Entity. Each Facility Lessee shall remain at all times during the Term a Single Purpose Entity in accordance with the terms of this Lease. Promptly following any written request by Lessor during the Term, each Facility Lessee shall provide Lessor with evidence that such Facility Lessee is a Single Purpose Entity and is in good standing in the state of its organization or incorporation and in the state in which the portion of the Leased Property relating to such Facility Lessee is located.

8.5 Organizational Covenants. Lessee shall not permit or suffer, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed, (a) any material amendment or modification of any Facility Lessee's Organizational Documents or any material amendment or modification of any Organizational Documents of any constituent entity within such Facility Lessee, including, without limitation, any such amendment that changes such Facility Lessee's status as a Single Purpose Entity or any amendment changing or modifying the governance or structure of, or changing the manager or managing member of,

such Facility Lessee; (b) any dissolution or termination of any Facility Lessee's existence or sale of substantially all of any Facility Lessee's assets, whether by sale, transfer, merger, consolidation or otherwise; or (c) a change in any Facility Lessee's state of formation or any Facility Lessee's name. Lessee has, simultaneously with the execution of this Lease, delivered to Lessor a true and complete copy of each Facility Lessee's Organizational Documents. Lessee represents and warrants that the Organizational Documents (i) were duly executed and delivered; and (ii) are in full force and effect, binding upon the applicable Facility Lessee, and enforceable in accordance with their terms.

8.6 **Representations and Warranties of Lessee.** Each Facility Lessee is making the representations and warranties set forth in **Exhibit C** attached hereto.

ARTICLE IX
REPAIRS; RESERVES

9.1 **Maintenance; Repair and Remodel.**

(a) Lessee, at its expense, will keep the Leased Property and all private roadways, sidewalks and curbs appurtenant thereto (and Lessee's Personal Property) in good first class order and repair (whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements, the age of the Leased Property or any portion thereof) and, except as otherwise provided in **Article XIV** and **Article XV**, with reasonable promptness, will make all necessary and appropriate repairs thereto of every kind and nature whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen, or arising by reason of a condition existing prior to the commencement of the Term (concealed or otherwise). All repairs shall, to the extent reasonably achievable, be at least equivalent in quality to the original work. Lessee will not take or omit to take any action the taking or omission of which is reasonably likely to materially impair the value or the usefulness of the Leased Property or any part thereof for the Primary Intended Use.

(b) Notwithstanding anything contained in this Lease to the contrary, from time to time Lessee may remodel, modify and make additions to the Leased Property, or any portion thereof, which remodeling, modifications and additions are not Capital Additions (it being understood that Capital Additions are subject to the requirements of **Article X** hereof) but which are necessary or advisable for the Primary Intended Use and which permit Lessee to fully comply with its obligations as set forth in this Lease. Lessee shall undertake any such actions expeditiously and in a workmanlike manner and will not significantly alter the character or purpose, or detract from the value or operating efficiency of, the Leased Property nor significantly impair the revenue producing capability of the Leased Property nor adversely affect the ability of Lessee to comply with the provisions of this Lease.

(c) Lessee shall notify Lessor of any and all repairs, improvements, additions, modifications and remodeling made to any portion of a particular Property in excess of Three Million and No/100 Dollars (\$3,000,000) during any consecutive twelve (12) month period for the applicable Property and obtain consent from Lessor (which consent shall not be unreasonably withheld, conditioned or delayed) prior to making such repairs, improvements, additions, modifications or remodeling.

(d) Except as otherwise expressly provided in this Lease, Lessor shall not under any circumstances be required to build or rebuild any improvements on the Leased Property, or to make any repairs, replacements, alterations, restorations, or renewals of any nature or description to the Leased Property, whether ordinary or extraordinary or capital in nature, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto in connection with this Lease, or to maintain the Leased Property in any way.

(e) Nothing contained in this Lease and no action or inaction by Lessor shall be construed as (i) constituting the consent or request of Lessor, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor for the provision or performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to the Leased Property or any part thereof, or (ii) giving Lessee any right, power or permission to contract for, or permit the performance of, any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor in respect thereof or to make any agreement that may create, or in any way be the basis for, any right, title, interest, lien, claim or other encumbrance upon the estate of Lessor in the Leased Property or any portion thereof.

(f) Unless MPT Real Estate Owner or Lessor conveys any of the Leased Property to Lessee pursuant to the provisions of this Lease, Lessee will, upon the expiration or prior termination of the Term, vacate and surrender the Leased Property to Lessor in the condition in which the Leased Property was originally received from Lessor, except as improved, constructed, repaired, rebuilt, restored, altered or added to as permitted or required by the provisions of this Lease and except for (i) ordinary wear and tear (subject to the obligation of Lessee to maintain the Leased Property in good order and repair during the entire Term), (ii) damage caused by the gross negligence or willful misconduct of Lessor, and (iii) damage or destruction as described in Article XIV or resulting from a Taking as described in Article XV, which Lessee is not required by the terms of this Lease to repair or restore.

9.2 Reserves for Major Repairs.

(a) Beginning on the Initial Commencement Date and on each Reserve Payment Date thereafter during the Term, Lessee shall deliver to Lessor quarterly deposits with respect to each Facility in an amount equal to the product of (i) One Thousand and No/100 Dollars (\$1,000.00) (the "Dollar Amount"), multiplied by (ii) the number of beds placed in service or use at each such Facility as of the most recent Adjustment Date (collectively, the "Reserve"); provided, that the first such deposit on the Initial Commencement Date shall be for the period from the Initial Commencement Date through October 1, 2015 and shall be prorated based on a three hundred sixty (360) day year. The aggregate amount of the Reserve shall not exceed an amount equal to twelve (12) times the amount that was required to be paid on the most recent Adjustment Date

(the "Reserve Cap") (and installments otherwise required under this Section 9.2(a)) shall be reduced to the extent that the amount thereof plus the amount of the Reserve held by Lessor on the applicable Reserve Payment Date exceeds the Reserve Cap). For payments prior to the first Adjustment Date, the number of beds in service or in use at each such Facility shall be assumed to be the following: for the Oregon Facility, eighty-eight (88), for the Oklahoma Facility, three hundred twenty (320), and for the South Carolina Facility, one hundred sixteen (116), with the total beds placed in service or in use at all of the Facilities as of the Initial Commencement Date being five hundred twenty-four (524). On each Adjustment Date after the Initial Commencement Date, the number of beds shall be determined by the actual number of beds placed in service or certified to be available for use in connection with such Facilities as of such Adjustment Date, which shall not be reduced without the prior written consent of Lessor.

(b) The Reserve shall be held by Lessor in an interest bearing account for the purpose of making Major Repairs to the applicable portions of the Leased Property. Lessor shall advance to or reimburse Lessee for Major Repairs, limited to the amount of the Reserve, upon Lessor's receipt from Lessee of documentation of such costs that is sufficient in Lessor's reasonable judgment. Beginning on January 1, 2017 and on each Adjustment Date thereafter during the Term, the applicable Dollar Amount shall be increased by the greater of (i) Two Percent (2.0%) of the prior year's applicable Dollar Amount, and (ii) the percentage by which the CPI published for the month of October prior to the applicable Adjustment Date shall have increased over the CPI figure published for the month of October prior to the previous Adjustment Date (the CPI figure published for the month of October 2015 shall be used in connection with the recalculation on January 1, 2017); provided, however, that in no event shall such increase be more than Four Percent (4.0%) on any Adjustment Date. The amounts in the Reserve shall be used as described above to pay for Major Repairs, or, in the event Lessee fails to make any required non-Major Repairs hereunder, Lessor may use funds in the Reserve for that purpose.

(c) Lessee hereby grants to Lessor a first priority security interest in all monies deposited into the Reserve. At Lessor's request, Lessee shall, as soon as practicable, execute all documents necessary to effect such security interest in all monies deposited into the Reserve. So long as no Event of Default has occurred and no event has then occurred which, with the giving of notice or passage of time or both, would constitute an Event of Default hereunder, any amounts remaining in the Reserve at the expiration of this Lease shall be returned to Lessee; provided, however, if an Event of Default has occurred, or any event has then occurred which with the giving of notice or passage of time or both would constitute an Event of Default hereunder, Lessor may retain all amounts remaining in the Reserve and shall apply such amounts to any damages incurred by Lessor or used to pay outstanding Obligations.

ARTICLE X CAPITAL ADDITIONS

10.1 Required Capital Additions. The parties acknowledge and agree that Lessor shall provide the funds for Capital Additions relating to the South Carolina Facility as further

described on **Schedule 10.1** attached hereto (the "Required Capital Addition"), which funding shall not exceed the Maximum Funding Amount (as defined on **Schedule 10.1**). Lessee shall cause the Completion of the Required Capital Addition in compliance in all material respects with applicable Legal Requirements and Healthcare Laws and the terms of this Lease, no later than the Required Completion Date (as defined on **Schedule 10.1**), unless Lessor and Lessee shall mutually agree in writing to another completion date with respect thereto. Subject to the terms and conditions of this Lease, Lessor and Lessee agree that the Required Capital Addition shall be deemed Capital Additions funded by Lessor for all purposes of this Lease. Lessor shall not be responsible for cost overruns necessary to complete the Required Capital Addition and, to the extent such overruns are not borne by the applicable Third Party Contractor (as defined on **Schedule 10.1**), Lessee shall be responsible for and shall fund all cost overruns necessary to complete the Required Capital Addition.

10.2 Construction of Capital Additions to the Leased Property.

(a) If no Event of Default has occurred, and no event has then occurred which with the giving of notice or passage of time or both would constitute an Event of Default hereunder, and be continuing, Lessee shall have the right, upon and subject to the terms and conditions set forth below, to construct or install Capital Additions on any Property with the prior written consent of Lessor, not to be unreasonably withheld, conditioned or delayed (it being understood that Lessor has approved the Required Capital Additions). Lessee shall not be permitted to create any Lien on such Property in connection with such Capital Addition, except as provided in **Section 10.3**. In order to obtain Lessor's prior written consent, Lessee shall submit to Lessor in writing a proposal setting forth in reasonable detail any such proposed Capital Addition. In addition, Lessee shall promptly furnish to Lessor such additional information relating to such proposed Capital Addition as Lessor may reasonably request. Lessor shall have ten (10) days following receipt of the last information so requested relating to the proposed Capital Addition to respond whether Lessor has approved of such proposed Capital Addition, it being agreed that failure to timely respond shall be deemed a rejection of the proposed Capital Addition.

(b) Prior to commencing construction of any Capital Addition, Lessee shall first request Lessor to provide funds to pay for such Capital Addition in accordance with the provisions of **Section 10.4** (it being understood that Lessor has agreed to fund the Required Capital Additions in accordance with **Section 10.1**). If Lessor declines or is unable to provide such funding, the provisions of **Section 10.3** shall apply. Notwithstanding any other provision of this **Article X** to the contrary, no Capital Additions shall be made without the consent of Lessor, which consent may be withheld in Lessor's sole discretion, if the proposed Capital Addition would, in the reasonable judgment of Lessor, materially diminish the value of such Property. Furthermore, no Capital Addition shall be made which would tie in or connect any portion of a particular Property and/or any Leased Improvements thereon with any other improvements on property adjacent to such Property (and not part of the Land covered by this Lease) including, without limitation, tie-ins of buildings or other structures or utilities, unless Lessee shall have obtained the prior written approval of Lessor, which approval may be granted or withheld in Lessor's sole discretion. As to all other Capital Additions which are not described in the

immediately preceding two sentences, Lessor's consent shall not be unreasonably withheld, conditioned or delayed. All proposed Capital Additions shall be architecturally integrated and consistent with the applicable Property as determined in the reasonable discretion of Lessor.

10.3 Capital Additions Financed by Lessee. If Lessee provides or arranges to finance any Capital Addition (except for Capital Additions arranged by Lessee but funded by Lessor), this Lease shall be and hereby is amended to provide as follows:

(a) There shall be no adjustment in the Base Rent by reason of any such Capital Addition.

(b) Such Capital Addition shall revert to, and become the property of MPT Real Estate Owner upon the expiration or termination of this Lease with respect to the applicable Property (unless Lessee purchases such Property as provided herein).

In connection with any such Capital Addition financed by Lessee, Lessee shall be permitted to place a Lien on such Capital Addition as collateral for Lessee's financing, provided, that, in the reasonable determination of Lessor such Lien shall not materially interfere with Lessor's ability to finance the applicable Property; it being understood and agreed, however, that (i) Lessor and Lessee shall cooperate in good faith to properly divide such Capital Addition from the applicable Property and to grant such easements and use restrictions as shall be necessary to avoid any disruption of Lessee's Business on such Property; (ii) to the extent not inconsistent with the provisions of this Section 10.3, such Capital Addition shall remain subject to the other terms and provisions of this Lease; and (ii) upon the expiration or termination of this Lease with respect to such Property (unless Lessee purchases such Property as provided in Articles XIV, XV or XXXIV), Lessee, at its sole cost and expense, shall cause all such Lien(s) to be released from such Capital Addition and within ten (10) Business Days after such expiration or termination.

10.4 Capital Additions Funded by Lessor. If Lessee desires for Lessor to fund a Capital Addition, Lessee shall request the same by submitting to Lessor a written request, including a written proposal setting forth in reasonable detail any such proposed Capital Addition (a "Request") (it being understood that Lessor has agreed to fund the Required Capital Additions in accordance with Section 10.1). In addition, Lessee shall promptly furnish to Lessor such additional information relating to such proposed Capital Addition as Lessor may reasonably request. Lessor shall have thirty (30) days following receipt of the last of the information so requested to respond to Lessee as to whether Lessor will fund the proposed Capital Addition, including the proposed terms thereof and the terms of any amendments to this Lease to be executed in connection therewith; it being agreed that Lessor's failure to timely respond shall be deemed a rejection of the Request to provide the funding for such proposed Capital Addition. Lessor may, but shall be under no obligation to, provide the funds necessary to meet the Request.

10.5 Salvage. All materials that are scrapped or removed in connection with the making of either Capital Additions or repairs hereunder shall be or become the property of Lessee, and Lessee shall remove the same at its sole cost and expense.

ARTICLE XI
LIENS

Subject to the provisions of Article XII relating to permitted contests, Lessee will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, encumbrance, attachment, title retention agreement or claim upon any Property or any attachment, levy, claim or encumbrance in respect of the Rent, any amounts held in the Reserve, or any funds or amounts that are or will be provided by Lessor or its Affiliates to Lessee at any time during the Term in accordance with this Lease; excluding, however, (a) the Master Lease; (b) this Lease; (c) the Permitted Exceptions; (d) restrictions, liens and other encumbrances which are consented to in writing by Lessor, or any easements granted pursuant to the provisions of Section 7.3; (e) liens for those taxes of Lessor which Lessee is not required to pay hereunder; (f) liens for Impositions or for sums resulting from noncompliance with Legal Requirements so long as (1) the same are not yet payable or are payable without the addition of any fine or penalty or (2) such liens are in the process of being contested as permitted by Article XII; (g) liens of mechanics, laborers, materialmen, suppliers or vendors for sums either disputed or not yet due, provided that (i) the payment of such sums shall not be postponed for more than sixty (60) days after the completion of the action giving rise to such lien and such reserve or other appropriate provisions as shall be required by law or GAAP shall be made therefore, or (ii) any such liens are in the process of being contested as permitted by Article XII; (h) Tenant Leases; (i) Liens which are permitted in accordance with Section 10.2 hereof; and (j) any liens which are the responsibility of Lessor pursuant to the provisions of Article XXXVI of this Lease. Except as otherwise permitted under Section 10.2, Lessee shall not mortgage or grant any interest or security interest in, or otherwise assign, any part of Lessee's rights and interests in this Lease or any Property during the Term.

ARTICLE XII
PERMITTED CONTESTS

12.1 **Permitted Contests.** After obtaining prior written approval from Lessor, not to be unreasonably withheld, conditioned or delayed, Lessee, at Lessee's expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any Imposition, Legal Requirement, Insurance Requirement, lien, attachment, levy, encumbrance, charge or claim not otherwise permitted by Article XI, provided that (a) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Lessor and from the Leased Property (or if not so suspended, clause (b) shall be true); (b) neither the Leased Property nor any Rent therefrom nor any part thereof or interest therein would, as determined in Lessor's reasonable discretion, be in any immediate danger of being sold, forfeited, attached or lost; (c) in the case of a Legal Requirement, Lessor would not be in any immediate danger of civil or criminal liability for failure to comply therewith pending the outcome of such proceedings; (d) in the event that any such contest shall involve a sum of money or potential loss in excess of One Million and No/100 Dollars (\$1,000,000.00), then, in any such event, the applicable Facility Lessee shall deliver to

Lessor an Officer's Certificate from a duly authorized officer of the applicable Facility Lessee regarding the matters set forth in clauses (a), (b) and (c), to the extent applicable (it being understood if the relevant amount involved in such contest (or the potential loss) is less than such amount, no such certification is required); (e) in the case of a Legal Requirement and/or an Imposition, lien, encumbrance or charge involving potential loss in excess of One Million and No/100 Dollars (\$1,000,000.00), Lessee shall give such reasonable security as may be demanded by Lessor to insure ultimate payment of the same and to prevent any sale or forfeiture of the affected Property or the Rent by reason of such non-payment or non-compliance; provided, however, the provisions of this Article XII shall not be construed to permit Lessee to contest the payment of Rent (except as to contests concerning the method of computation or the basis of levy of any Imposition or the basis for the assertion of any other claim) or any other sums payable by Lessee to Lessor hereunder; (f) in the case of an Insurance Requirement, the coverage required by Article XIII shall be maintained; and (g) if such contest be finally resolved against Lessor or Lessee, Lessee shall, as Additional Charges due hereunder, promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, or comply with the applicable Legal Requirement or Insurance Requirement. Lessor, at Lessee's expense, shall execute and deliver to Lessee such authorizations and other documents as may reasonably be required in any such contest and, if reasonably requested by Lessee or if Lessor and MPT Real Estate Owner so desire, Lessor shall join as a party therein. Lessee shall indemnify and hold Lessor and MPT Real Estate Owner harmless against any liability, cost or expense of any kind that may be imposed upon Lessor and MPT Real Estate Owner in connection with any such contest and any loss resulting therefrom.

ARTICLE XIII
INSURANCE

13.1 General Insurance Requirements.

(a) During the Term, Lessee shall at all times keep the Leased Property and Lessee's Personal Property, insured against loss or damage from such causes as are customarily insured against, by prudent owners of similar facilities. Without limiting the generality of the foregoing, and subject to the provisions below, Lessee shall obtain and maintain in effect throughout the Term with respect to the Leased Property the kinds and amounts of insurance described below. This insurance shall be written by insurance companies (i) reasonably acceptable to Lessor (Lessor acknowledging that Auriga Insurance Group ("Auriga") is acceptable to Lessor for the provision of the coverages described in subsections (vii) and (viii) below), (ii) that are rated at least an "A-VIII" or better by Best's Insurance Guide (except for Auriga, for which no rating is required), and (iii) unless otherwise approved by Lessor, authorized, licensed and qualified to do insurance business in the state in which the Leased Property is located. The aggregate amount of coverage by a single company must not exceed Five Percent (5%) of the insurance company's policyholders' surplus. Lessee will pay or cause to be paid all Insurance Premiums for the insurance coverage required to be maintained pursuant to this Article XIII during the Term. The commercial property, rental value and business interruption policies shall name Lessor and MPT Real Estate Owner (and any other entity that Lessor may deem reasonably necessary) as

additional insureds and loss payees as respects coverage afforded the Leased Property under standard Insurance Services Offices (ISO) commercial property insurance endorsements CP1219 and CP1503, or manuscript equivalents, and as additional insureds and loss payees under boiler and machinery and any other property insurance policy. Except as provided below with respect to commercial general liability, professional liability and excess or umbrella liability policies, all other coverage policies shall name Lessor and MPT Real Estate Owner (and any other entity that Lessor may deem reasonably necessary) as additional insureds as respects liability arising from Lessee's use, occupancy or maintenance of the Leased Property. The commercial general liability, professional liability and the excess or umbrella liability policies shall name Lessor and MPT Real Estate Owner (and any other entity that Lessor may deem reasonably necessary) as named insureds. All property, business interruption and boiler and machinery losses shall be payable to Lessor and/or Lessee as provided in Article XIV. Each insurance policy required hereunder must, unless otherwise expressly provided herein (w) provide primary insurance without right of contribution from any other insurance carried by Lessor, (x) contain express permission for Lessee to enter into a waiver of subrogation rights in favor of Lessor, or any right of setoff or counterclaim against any insured party thereunder including Lessor, (y) permit Lessor to pay premiums at Lessor's discretion, and (z) as respects any third party liability claim brought against Lessor, obligate the insurer to defend Lessor as a named insured thereunder. In addition, the property, business interruption and boiler and machinery policies shall name as an insured loss payee all Facility Lenders as their interests appear, if any, by way of a standard or other acceptable form of mortgagee's loss payable endorsement. Any loss adjustment in excess of One Million Dollars (\$1,000,000) shall require the written consent of Lessor and each affected Facility Lender. Evidence or verification (as defined herein) of insurance and/or Impositions shall be deposited with Lessor and, if requested, with any Facility Lender. With respect to each Property, the policies required hereunder relating to Lessee and such Property, including the Leased Improvements and Lessee's Personal Property relating thereto, shall insure against the following risks:

(i) Commercial Property insurance written on a broad "all risk" policy form covering physical loss or damage to the Leased Property including building and improvements and betterments. Insured perils shall include, but not be limited to, terrorism (only if the applicable Property is located inside metropolitan city limits with population exceeding 5,000,000). Unless otherwise provided such coverage shall be in an amount equal to the "Full Replacement Cost" (as herein defined) value basis to the extent of the full insurable replacement value of each Property to be determined by Lessor. The policy shall not exclude coverage for subsidence. The policy exclusion applicable to faulty or defective design, workmanship or materials shall not apply to resultant damage to otherwise sound property. The policy must provide a sublimit of at least One Hundred Thousand and No/100 Dollars (\$100,000.00) to cover reasonable expenses incurred by the insured or loss payee for professional services necessary to measure, quantify or determine the amount of any loss covered by this subparagraph (i), such as appraisers, auditors, accountants, architects, and engineers (such expenses shall not include the insured's or loss payee's own employees or public adjusters). Unless otherwise provided

hereunder, all policy deductibles shall be borne in full by Lessee and must not exceed, per occurrence, an amount in excess of Three Percent (3%), of the insurable value of such Property as determined by Lessor. Further, in the event of a loss, Lessee shall abide by all provisions of the insurance contract, including proper and timely notice of the loss to the insurer. Lessee further agrees that it will notify Lessor of any loss in the amount of One Million Dollars (\$1,000,000) or greater and that no claim at or in excess of One Million Dollars (\$1,000,000) shall be settled without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed.

(ii) Flood and earthquake insurance shall be required only in the event that a Property is located in a flood plain or earthquake zone. Such insurance to be in an amount equal to the lesser of (A) \$50,000,000 or (B) the Applicable Option Price, subject to no more than a Five Percent (5%) per location per occurrence deductible and such policy shall include coverage for subsidence.

(iii) Rental Value insurance using standard ISO endorsement CP 1503, or its equivalent, as respects rental value coverage on such Property. Such endorsement shall require property insurer to send notice of cancellation or non-renewal to Lessor per Section 13.4.

(iv) Business interruption insurance covering lost earnings and continuing expenses, less rents due Lessor to the extent covered under subparagraph (iii) above, in an amount sufficient to cover not less than the aggregate amount of Lessee's earnings during (1) the actual time required to rebuild such Property following loss or damage, or (2) twelve (12) months, whichever is longer, plus an additional extended period of indemnity of not less than ninety (90) days shall be provided. Coverage shall be written on an "actual loss sustained" form, for the same perils and other events as described in subparagraph (v) below.

(v) Commercial General Liability in a primary amount of at least One Million and No/100 Dollars (\$1,000,000.00) per occurrence, bodily injury for injury or death of any one person and for Property Damage for damage to or loss of the property of others, subject to a Two Million and No/100 Dollars (\$2,000,000.00) annual aggregate policy limit applicable separately to such Property for all bodily injury and property damage claims, occurring on or about such Property or in any way related to such Property, including but not limited to, any swimming pools or other rehabilitation and recreational facilities or areas that are located on such Property otherwise related to such Property. All allocated loss adjustment expenses, including defense costs, shall be in addition to the policy limits required above. Such policy shall include coverages found on the ISO Commercial General Liability Policy form CG 0001, occurrence policy form, current edition, with deductible amounts reasonably acceptable to Lessor. Lessee shall be responsible for funding all deductibles and retentions, including those which may be applicable to Lessor as an additional insured thereunder.

(vi) Automobile and vehicle liability insurance coverage for all owned, non-owned, leased or hired automobiles and vehicles in a primary limit amount of One Million and No/100 Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage. All allocated loss adjustment expenses, including defense costs, shall be in addition to the policy limits required above.

(vii) Umbrella liability insurance in the minimum amount of Ten Million and No/100 Dollars (\$10,000,000.00) for each occurrence and aggregate combined single limit for all liability. The umbrella shall follow form with the primary commercial general liability with respect to providing primary and non-contributory coverage to Lessor as an additional insured when required by written contract or agreement. The umbrella liability policy shall name in its underlying schedule the policies of commercial general liability, automobile/vehicle liability, professional liability and employer's liability under the workers compensation policy.

(viii) Professional liability insurance for Lessee and all employed professionals (including any physicians) in an amount, with respect to each Facility, of not less than One Million and No/100 Dollars (\$1,000,000.00) per individual claim and Three Million and No/100 Dollars (\$3,000,000.00) annual aggregate. All contractors, agents and other persons (including physicians) who perform professional services for Lessee shall meet such required minimum insurance requirements of One Million and No/100 Dollars (\$1,000,000.00) per individual claim and Three Million and No/100 Dollars (\$3,000,000.00) annual aggregate.

(ix) Employee Dishonesty coverage covering all employees with a limit of insurance, with respect to each Facility, of not less than Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) per claim.

The term "Full Replacement Cost" as used herein, shall mean the actual replacement cost thereof from time to time (not to be less than the aggregate amount of the Option Prices) as to the Leased Property in its entirety, including increased cost of construction endorsement, less exclusions provided in the normal fire insurance policy. In the event either Lessor or Lessee believes that the Full Replacement Cost has increased or decreased at any time during the Term, it shall have the right to have such Full Replacement Cost re-determined by an impartial third party, hereinafter referred to as the "Impartial Appraiser." If the Lessor and Lessee are unable to agree on the selection of an Impartial Appraiser, each party shall select one appraiser, and the two appraisers so selected shall jointly select the Impartial Appraiser. The party desiring to have the Full Replacement Cost so re-determined shall forthwith, on receipt of such determination by such Impartial Appraiser, give written notice thereof to the other party. The determination of such Impartial Appraiser shall be final and binding on the parties, and Lessee shall forthwith increase, or may decrease, the amount of the insurance carried pursuant to this Article XIII, as the case may be, to the amount so determined by the Impartial Appraiser. Lessee shall pay the fee, if any, of the Impartial Appraiser.

(b) **Intentionally Omitted.**

13.2 **Additional Insurance.** In addition to the insurance described above, Lessee shall at all times maintain adequate worker's compensation insurance coverage for all persons employed by Lessee on the Leased Property, to the extent required by all applicable local, state and federal laws. Notwithstanding anything contained herein to the contrary, Lessor shall not be prohibited, at its sole cost and expense, from purchasing and maintaining such additional insurance as it may reasonably determine to be necessary to protect its interest in all or any portion of the Leased Property.

13.3 **Waiver of Subrogation.** Lessee hereby waives any and all rights of recovery against Lessor, its officers, agents and employees, for all injury, loss of or damage to persons or property, howsoever caused, including loss of use, to the extent such injury, loss or damage is covered or should be covered by required insurance or any other insurance maintained by Lessee, including sums within deductibles, retentions or self-insurance applicable thereto. This waiver applies to all first party property, business interruption, equipment, vehicle and workers compensation claims (unless prohibited under applicable state statutes), as well as third party liability claims. This waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to loss of, or damage to, property of the parties hereto. In as much as the above waiver precludes the assignment of any aforesaid claim by way of subrogation to an insurance company, Lessee agrees to give to each insurance company providing coverage under this Lease prompt written notice of the terms of said waiver, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waivers. Lessee shall indemnify Lessor against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver from the insurer, if required.

13.4 **Form of Insurance.** All of the policies of insurance referred to herein shall be written in form reasonably satisfactory to Lessor and by insurance companies reasonably satisfactory to Lessor. Lessee shall pay all of the premiums therefor (except as otherwise provided herein), and shall deliver "verification" of insurance to Lessor as set forth below. All binders and policies delivered to Lessor as required in this Section 13.4 shall also include a statement of insured values and locations for all properties under such blanket policies that share coverage limits. Verification of insurance as used herein is defined as follows:

(a) At least five (5) Business Days prior to the applicable Commencement Date, and thereafter, at least ten (10) Business Days prior to any insurance policy expiration date, Lessee shall provide verification of required insurance coverage for the following year which shall include the following:

(i) an ACORD 75 insurance binder, or similar type of insurance binder acceptable to Lessor, for each policy providing evidence of insurance coverage of the types and in the amounts required hereunder and naming Lessor and MPT Real Estate Owner (and any other entity that Lessor may deem reasonably necessary) as additional

insureds and loss payees with respect to property, rental value and business interruption insurance, naming Lessor and MPT Real Estate Owner (and any other entity that Lessor may deem reasonably necessary) as named insureds with respect to commercial general liability, professional liability and excess or umbrella insurance, and naming Lessor and MPT Real Estate Owner (and any other entity that Lessor may deem reasonably necessary) as additional insureds with respect to all other required policies, together with a sample or pro forma of each policy (if required by Lessor), together with written confirmation of each insurer's obligation to provide notice of cancellation or non-renewal of each;

(ii) a copy of property statement of values if Lessee maintains blanket insurance covering facilities other than the Leased Property; and

(iii) a summary of insurance program showing significant coverage limits, sublimits, deductibles and retentions.

(b) Thereafter, no later than the date that is sixty (60) days after the Commencement Date and any such insurance policy expiration date, Lessee shall provide further verification of insurance, which verification shall include (i) true and certified copies of the required insurance policies including blanket or specific endorsements reflecting the appropriate status of Lessor and MPT Real Estate Owner as additional insureds, loss payees and/or named insureds, as the case may be, and providing notice of cancellation or non-renewal under the required insurance; and (ii) a copy of the property statement of values if Lessee maintains blanket insurance covering facilities other than the Leased Property.

(c) In the event Lessee does not provide timely or proper verification, or does not maintain the insurance required hereunder or pay the premiums as required hereunder, Lessor shall be entitled after notice to Lessee, but shall have no obligation, to obtain such insurance and pay the premiums therefor, which premiums shall be repayable to Lessor promptly following request by Lessor (but in no event later than fifteen (15) days after delivery of such request), and failure to adhere to those repayment provisions shall constitute an Event of Default. Lessee shall use commercially reasonable efforts to cause any insurance policies, endorsements and/or binders or certificates to omit language that provides such insurer will "endeavor to" give notice before same may be altered, allowed to expire, or canceled. Notwithstanding anything contained herein to the contrary, all policies of insurance required to be obtained by Lessee hereunder shall provide (i) that such policies will not lapse, terminate, be canceled, or be amended or modified to reduce limits or coverage terms unless and until Lessor has received not less than thirty (30) days' prior written notice at Lessor's notice address as specified in this Lease (the "Lessor's Notice Address"), with a simultaneous copy to (A) MPT Operating Partnership, L.P., Attention: Its President, 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242, and (B) McGriff, Seibels & Williams, Inc., Attention: John F. Carter, 2211 7th Avenue South, Birmingham, Alabama 35233, and (ii) that in the event of cancellation due to non-payment of premium, the insurer will provide not less than ten (10) days' prior written notice to Lessor at Lessor's Notice Address, with a simultaneous copy to (A) MPT Operating Partnership, L.P., Attention: Its President, 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242, and (B) McGriff, Seibels & Williams, Inc., Attention: John F. Carter, 2211 7th Avenue South, Birmingham, Alabama 35233.

13.5 **Increase in Limits.** In the event that Lessor shall at any time in its reasonable discretion deem the limits of the personal injury, property damage or general public liability insurance then carried to be insufficient, the parties shall endeavor to agree on the proper and reasonable limits for such insurance to be carried and such insurance shall thereafter be carried with the limits thus agreed on until further change pursuant to the provisions of this Section 13.5. If the parties shall be unable to agree thereon, the proper and reasonable limits for such insurance to be carried shall be determined by an impartial third party selected by the parties.

13.6 **Blanket Policy.** Notwithstanding anything to the contrary contained in this Article XIII, Lessee's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee provided that:

(a) Any such blanket policy or policies are acceptable to and have been approved by Lessor, which approval shall not be unreasonably withheld;

(b) Any such blanket policy or policies shall not be changed, altered or modified without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed; and

(c) Any such blanket policy or policies shall otherwise satisfy the insurance requirements of this Article XIII (including the requirement of thirty (30) days' written notice before the expiration or cancellation of such policies as required by Section 13.4) and shall provide for deductibles in amounts acceptable to Lessor. Any aggregate policy limits within such blanket insurance policies shall apply separately to each Property.

13.7 **No Separate Insurance.** Lessee shall not, on Lessee's own initiative or pursuant to the request or requirement of any third party, take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article XIII to be furnished by, or which may reasonably be required to be furnished by, Lessee, or increase the amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including in all cases Lessor and all Facility Lenders, are included therein as additional insureds and the loss is payable under said insurance in the same manner as losses are required to be payable under this Lease. Lessee shall promptly notify Lessor of the taking out of any such separate insurance or of the increasing of any of the amounts of the then existing insurance by securing an additional policy or additional policies.

13.8 **Insurance Required under Oklahoma Ground Lease.** Lessee shall obtain and maintain all insurance required to be maintained by the tenant pursuant to the Oklahoma Ground Lease and provide Lessor with evidence of same.

ARTICLE XIV
FIRE AND CASUALTY

14.1 **Insurance Proceeds.** All proceeds payable by reason of any loss or damage to the Leased Property, or any portion thereof, and insured under any policy of insurance required by Article XIII shall be paid to Lessor and held by Lessor in trust (subject to the provisions of Section 14.7) and shall be made available for reconstruction or repair, as the case may be, of any damage to or destruction of the Leased Property, or any portion thereof, and shall be paid out by Lessor from time to time for the reasonable cost of such reconstruction or repair. Any excess proceeds of insurance remaining after the completion of the restoration or reconstruction of the Leased Property, or any portion thereof (or in the event neither Lessor nor Lessee is required or elects to repair and restore, all such insurance proceeds), shall be retained by Lessor free and clear upon completion of any such repair and restoration except as otherwise specifically provided below in this Article XIV. All salvage resulting from any risk covered by insurance shall belong to Lessor except that any salvage relating to Capital Additions paid for by Lessee as described in Section 10.2 or to Lessee's Personal Property shall belong to Lessee as provided in Section 10.4.

14.2 **Reconstruction in the Event of Damage or Destruction Covered by Insurance.**

(a) Except as provided in Section 14.7, with respect to any Property, if during the Term such Property is totally or partially destroyed from a risk covered by the insurance described in Article XIII and such Property is thereby rendered Unsuited for its Primary Intended Use (the "Casualty Impacted Property"), Lessee shall elect, by giving written notice to Lessor within sixty (60) days following the date of such destruction, one of the following: (i) to restore such Casualty Impacted Property to substantially the same condition as existed immediately before the damage or destruction, or (ii) so long as no Major Event of Default then exists, to purchase such Casualty Impacted Property from Lessor for the applicable Option Price, in which case all insurance proceeds payable pursuant to Section 14.1 with respect to the Casualty Impacted Property shall be paid over to, or retained by, Lessee and, the total Base Rent payable hereunder shall be reduced in accordance with Section 5.2, or (iii) so long as the damage or destruction was not caused by the gross negligence of Lessee, its agents, servants, employees or contractors, to terminate this Lease with respect to the Casualty Impacted Property and, in this event, the total Base Rent payable hereunder shall be reduced in accordance with Section 5.2, Lessor shall be entitled to retain the insurance proceeds, and Lessee shall pay to Lessor on demand, the amount of any deductible or uninsured loss arising in connection therewith. In the event Lessee purchases such Casualty Impacted Property pursuant to this Section 14.2(a), the terms set forth in Article XVIII shall apply and the sale/purchase must be closed within ninety (90) days after the date of the written notice from Lessee to Lessor of Lessee's intent to purchase, unless a different closing date is agreed upon in writing by Lessor and Lessee. For purposes of

any appraisal conducted in accordance with this Section, such appraisal shall not take into account the damage or destruction giving rise to Lessee's rights hereunder. The "Option Price" for each Property shall be an amount equal to the greater of (A) the Fair Market Value Purchase Price of such Property and (B) the Lease Base for such Property, as increased by an amount equal to the annual rate of increase in the CPI on each Adjustment Date.

(b) Except as provided in Section 14.7, with respect to any Property, if, during the Term, such Property is totally or partially destroyed from a risk covered by the insurance described in Article XIII, but such Property is not thereby rendered Unsuited for its Primary Intended Use, Lessee shall restore such Property to substantially the same condition as existed immediately before the damage or destruction. Such damage or destruction shall not terminate this Lease with respect to such Property; provided, however, if Lessor determines in its reasonable discretion that Lessee cannot within a reasonable time obtain all necessary governmental approvals, including building permits, licenses, conditional use permits and any certificates of need, after good-faith, diligent efforts to do so, in order to be able to perform all required repair and restoration work and to operate such Property for its Primary Intended Use in substantially the same manner as immediately prior to such damage or destruction, so long as no Major Event of Default then exists, Lessee shall have the option, by giving written notice to Lessor within sixty (60) days following the date of such damage or destruction, to purchase such Property for a purchase price equal to the applicable Option Price (less the amount of any insurance proceeds held by Lessor). In the event Lessee purchases such Property pursuant to this Section 14.2(b), the terms set forth in Article XVIII shall apply and the sale/purchase must be closed within ninety (90) days after the date of the written notice from Lessee to Lessor of Lessee's intent to purchase, unless a different closing date is agreed upon in writing by Lessor and Lessee.

(c) With respect to each Property, if the cost of the repair or restoration of such Property exceeds the amount of insurance proceeds received by Lessor, Lessee shall be obligated to contribute any excess amount needed to restore such Property prior to use of the insurance proceeds. Such amount shall be paid by Lessee to Lessor (or a Facility Lender if required) to be held in trust together with any other insurance proceeds for application to the cost of repair and restoration.

(d) With respect to each Property, in the event Lessee elects to purchase such Property pursuant to this Section 14.2, this Lease shall terminate with respect to such Property upon payment of the purchase price and transfer of title to such Property to Lessee, the Base Rent shall be reduced in accordance with Section 5.2, and Lessor shall transfer to Lessee its rights in or remit to Lessee all insurance proceeds being held in trust by Lessor or the Facility Lender on or prior to the closing of Lessee's purchase of such Property.

14.3 Reconstruction in the Event of Damage or Destruction Not Covered by Insurance. Except as provided in Section 14.7 and without limiting Section 14.2, if during the Term a Property is totally or partially damaged or destroyed from a risk not covered by the insurance described in Article XIII but that would have been covered if Lessee carried the insurance

customarily maintained by, and generally available to, the operators of reputable health care facilities in the region in which such Property is located, then, whether or not such damage or destruction renders such Property Unsuited for its Primary Intended Use, Lessee shall, at its sole cost and expense, restore such Property to substantially the same condition it was in immediately before such damage or destruction and such damage or destruction shall not terminate this Lease with respect to such Property.

14.4 **Lessee's Personal Property.** All insurance proceeds payable by reason of any loss of or damage to any Lessee's Personal Property or any Capital Addition financed by Lessee shall be paid to Lessee to pay the cost of repairing or replacing the damage to Lessee's Personal Property or the Capital Additions financed by Lessee.

14.5 **Restoration of Lessee's Property.** If Lessee is required or elects to restore any Property as provided in Sections 14.2 or 14.3, Lessee shall also restore all alterations and improvements made to Lessee's Personal Property with respect thereto and all Capital Additions paid for by Lessee with respect thereto.

14.6 **No Abatement of Rent.** This Lease shall remain in full force and effect, and Lessee's obligation to pay Rent and all other charges required by this Lease shall remain unabated during any period required for repair and restoration.

14.7 **Damage Near End of Term.** Notwithstanding any provisions of Sections 14.2 (but without limiting Lessee's rights under Section 14.2(a)) or 14.3 to the contrary, if damage to or destruction of any Property occurs during the last twenty-four (24) months of the Term, and if such damage or destruction cannot be fully repaired and restored within six (6) months immediately following the date of such loss as determined in Lessor's reasonable discretion, either party shall have the right to terminate this Lease with respect to such Property by giving notice to the other within thirty (30) days after the date of damage or destruction, in which event Lessor shall be entitled to retain the insurance proceeds and Lessee shall pay to Lessor on demand the amount of any deductible or uninsured loss arising in connection therewith; provided, however, that any such notice given by Lessor shall be void and of no force and effect if Lessee exercises an available option to extend the Term for one (1) Extended Term within thirty (30) days following receipt of such termination notice.

14.8 **Termination of Right to Purchase.** Any termination of this Lease with respect to a Property pursuant to this Article XIV shall cause any right to purchase granted to Lessee with respect to such Property under any other provisions of this Lease to be terminated and to be without further force and effect.

14.9 **Waiver.** Lessee hereby waives any statutory or common law rights of termination which may arise by reason of any damage to or destruction of any portion of the Leased Property.

ARTICLE XV
CONDEMNATION

15.1 **Parties' Rights and Obligations.** If during the Term there is any Taking of all or any part of a Property or any interest in this Lease relating to such Property by Condemnation, the rights and obligations of the parties shall be determined by this Article XV.

15.2 **Total Taking.** If there is a Taking of all of a Property by Condemnation, this Lease shall terminate with respect to such Property on the Date of Taking.

15.3 **Partial Taking.** If there is a Taking of a part, but not all, of a Property by Condemnation, this Lease shall remain in effect with respect to such Property if such Property is not thereby rendered Unsuited for its Primary Intended Use. If, however, such portion of such Property is thereby rendered Unsuited for its Primary Intended Use, Lessee shall either (a) restore such portion of such Property, at its own expense and to the extent possible, to substantially the same condition as existed immediately before the partial Taking, (b) so long as no Major Event of Default then exists, acquire such Property from Lessor for a purchase price equal to the applicable Option Price (in which event this Lease shall terminate with respect to such Property upon payment of such Option Price and the Base Rent payable hereunder shall be reduced in accordance with Section 5.2), or (c) terminate this Lease with respect to such Property (in which event the Base Rent payable hereunder shall be reduced in accordance with Section 5.2). Lessee shall exercise its option by giving Lessor notice thereof within sixty (60) days after Lessee receives notice of the Taking. In the event Lessee exercises the option to purchase with respect to such Property pursuant to this Section 15.3, the terms set forth in Article XVIII shall apply and the sale/purchase must be closed within thirty (30) days after the date of the written notice from Lessee to Lessor of Lessee's intent to purchase, unless a different closing date is agreed upon in writing by Lessor and Lessee. For purposes of any appraisal conducted in accordance with this Section 15.3, such appraisal of the Fair Market Value shall not take into account the Taking giving rise to Lessee's rights hereunder.

15.4 **Award Distribution.** In the event Lessee exercises the purchase option with respect to a particular Property as described in Section 15.3(b), the entire Award shall belong to Lessee so long as no Major Event of Default then exists, and Lessor agrees to assign to Lessee all of its rights to the Award. In any other event, the entire Award shall belong to and be paid to Lessor; provided, however, that if this Lease is terminated pursuant to this Article XV with respect to such Property, Lessee shall be entitled to receive a sum attributable to Lessee's Personal Property relating thereto and any reasonable removal and relocation costs, provided in each case the Award specifically includes such items. If Lessee is required or elects to restore such Property, Lessor agrees that the Award shall be used for that restoration, and it shall hold such portion of the Award in trust for application to the cost of the restoration. Notwithstanding any provision of this Lease to the contrary, any Award retained by Lessor and not used for restoration shall be credited against the applicable Option Price.

15.5 **Temporary Taking.** The Taking of any Property or any part thereof by military or other public authority shall constitute a Taking by Condemnation only when the use and occupancy by the Taking authority has continued for longer than six (6) months. During any such six (6)-month period all the provisions of this Lease shall remain in full force and effect and the Rent with respect to such Property shall not be abated or reduced during such period of Taking.

ARTICLE XVI
DEFAULT

16.1 **Events of Default.** The occurrence of any one or more of the following events (individually, an “Event of Default”) shall constitute Events of Default hereunder:

(a) if Lessee shall fail to make a payment of the Rent or any other monetary obligation when the same becomes due and payable by Lessee under this Lease (including, but not limited to, any failure to make Reserve deposits and the failure to pay Insurance Premiums or Impositions) and the same shall remain unpaid for more than five (5) days following receipt by Lessee of written notice thereof from Lessor; provided however, in no event shall Lessor be required to give more than two (2) such written notices hereunder during any consecutive twelve (12) month period; or

(b) if Lessee shall fail to observe or perform in any material respect (without duplication of any materiality qualifier herein) any other term, covenant or condition of this Lease and such failure is not cured by Lessee within a period of thirty (30) days after receipt by Lessee of written notice thereof from Lessor (except that in the event Lessee shall fail to comply with any request pursuant to Sections 38.3 and 38.4 hereof, and such failure shall continue for five (5) days after receipt by Lessee of such request from Lessor), unless such failure cannot with due diligence be cured within a period of thirty (30) days (in Lessor’s reasonable discretion), in which case such failure shall not be deemed to continue so long as Lessee commences to cure such failure within the thirty (30) day period and proceeds with due diligence to complete the curing thereof within sixty (60) days after receipt by Lessee of Lessor’s notice of default (or such longer period as is reasonably required in the determination of Lessor to effect such cure if Lessee is diligently proceeding to do so); provided however, in no event shall Lessor be required to give more than two (2) notices and cure period for Lessee’s failure to observe or perform the same (or repetitive) covenant or condition in any consecutive twelve (12) month period; or

(c) if (i) any Facility Lessee or any Guarantor shall admit in writing its inability to pay its debts as they become due; or (ii) any Facility Lessee or any Guarantor shall file a petition in bankruptcy as a petition to take advantage of any insolvency act; or (iii) any Facility Lessee or any Guarantor shall be declared insolvent according to any law; or (iv) any Facility Lessee or any Guarantor shall make any general assignment for the benefit of its creditors; or (v) if the estate or interest of any Facility Lessee in the Leased Property or any part thereof shall be levied upon or attached in any proceeding and the same shall not be vacated or discharged within the later of ninety (90) days after commencement thereof or sixty (60) days after receipt by Lessee of written notice thereof from Lessor (unless Lessee shall be contesting such lien or attachment in

good faith in accordance with Article XII); or (vi) any petition shall be filed against any Facility Lessee or any Guarantor to declare such Facility Lessee or such Guarantor bankrupt, to take advantage of any insolvency act, or to delay, reduce or modify such Facility Lessee's or such Guarantor's capital structure and the same shall not be removed or vacated within ninety (90) days from the date of its creation, service or attachment; or (vii) any Facility Lessee or any Guarantor shall, after a petition in bankruptcy is filed against it, be adjudicated a bankrupt, or a court of competent jurisdiction shall enter an order or decree, with or without the consent of such Facility Lessee or such Guarantor, as the case may be, appointing a trustee, examiner or receiver of such Facility Lessee or such Guarantor or the whole or substantially all of its property, or approving a petition filed against such Facility Lessee or such Guarantor seeking reorganization or arrangement of such Facility Lessee or such Guarantor under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such judgment, order or decree shall not be vacated or set aside or stayed within ninety (90) days from the date of the entry thereof; or

(d) if any Facility Lessee shall have any of its Licenses (as defined in Article XXXVIII) or participation or certification in Medicare or Medicaid or any material other third party payor program is terminated by the applicable government program for fraud or violation of the terms of such program; or

(e) a Change of Control Transaction shall occur with respect to any Facility Lessee or any Guarantor which is not approved by Lessor in advance;

(f) if, with respect to any Property, (i) the applicable Facility Lessee that operates the Business at such Property abandons or vacates same (such Facility Lessee's absence therefrom for thirty (30) consecutive days shall constitute abandonment), or (ii) the applicable Facility Lessee fails to continuously operate such Business on such Property in accordance with the terms of this Lease;

(g) if any Facility Lessee or any of the Guarantors shall be liquidated or dissolved, or shall begin proceedings toward such liquidation or dissolution, or shall, in any manner, permit the sale or divestiture of substantially all of its assets, or any such Facility Lessee or any such Guarantor shall enter into an agreement respecting same; or

(h) if an "Event of Default" shall occur under and as defined in the Real Estate Loan Agreement or a monetary default or a material non-monetary default shall occur under any other Obligation Document (other than this Lease) which is not waived in writing or cured within the cure period as provided therein; or

(i) if any default or event of default shall occur under the Oklahoma Ground Lease which is not waived in writing or cured within the applicable cure period as provided therein; or

(j) if a default or event of default occurs with respect to any Material Obligation of any Facility Lessee or any Guarantor and such default or event of default is not waived in writing or cured within the applicable cure period provided by the document evidencing the Material Obligation; or

(k) if a monetary or a material non-monetary default shall occur under the LLC Agreement and such failure is not cured or waived in writing within a period of thirty (30) days after receipt by Lessee of written notice thereof from Lessor, unless, with respect to any material non-monetary default, such failure cannot with due diligence be cured within a period of thirty (30) days (in Lessor's reasonable discretion), in which case such failure shall not be deemed to continue so long as a cure is commenced within the thirty (30) day period and such cure is diligently pursued to completion within sixty (60) days after receipt by Lessee of Lessor's notice of default (or such longer period as is reasonably required in the determination of Lessor to effect such cure if such cure is being diligently pursued); provided however, in no event shall Lessor be required to give more than two (2) notices and cure periods for failures to observe or perform the same (or repetitive) covenant or condition in any consecutive twelve (12) month period; or

(l) if, at any time during the Term, for two (2) consecutive calendar quarters:

(i) EBITDAR shall be less than One Hundred Twenty-Five Percent (125%) of the Combined Obligor Payments (as determined utilizing the trailing twelve (12) month operating and financial results of Capella Holdings and its subsidiaries and measured on a calendar quarterly basis; or

(ii) EBITDAR shall be less than One Hundred Five Percent (105%) of Consolidated Fixed Charges (as determined utilizing the trailing twelve (12) month operating and financial results of Capella Holdings and its subsidiaries and measured on a calendar quarterly basis).

With respect to Section 16.1(l)(i) and (ii) above, it is understood and agreed that Lessor and Lessee agree to work together in good faith to adjust such covenants after the Initial Commencement Date to reflect future acquisitions of real property joined under this Lease or securing the obligations under the Loan Agreement.

If an Event of Default has occurred, Lessor shall have the right at its election, then or at any time thereafter, to pursue any one or more of the following remedies, in addition to any remedies which may be permitted by law, by other provisions of this Lease or otherwise, without notice or demand, except as hereinafter provided:

A. If Lessee deserts, abandons or vacates any Property (the "Vacated Property"), Lessor may enter upon and take possession of either (i) the Vacated Property; or (ii) if there has occurred a Major Event of Default, any one or more (including all, if so elected by Lessor) of the Properties, regardless of whether such Event of Default emanated from or related primarily to a single Property (whether one or more, and whether pursuant to clause (i) or (ii), the "Entered Property"), to protect it from deterioration and continue to demand from Lessee Rent and other charges as provided in this Lease, without any obligation to relet (except to the extent required

by applicable law); but if Lessor does relet the Entered Property (on such terms and conditions as Lessor, in its sole discretion, shall deem reasonable), such action by Lessor shall not be deemed an acceptance of Lessee's surrender of the Entered Property unless Lessor expressly notifies Lessee of such acceptance in writing, Lessee hereby acknowledging that Lessor shall otherwise be reletting as Lessee's agent and Lessee furthermore hereby agreeing to pay to Lessor on demand any deficiency that may arise between the Rent and other charges as provided in this Lease and that are actually collected by Lessor relating to the Entered Property.

B. Lessor, or anyone acting on Lessor's behalf, may without notice or demand to Lessee, either (i) enter the Property from which such Event of Default emanated or to which such Event of Default related primarily; or (ii) if there has occurred a Major Event of Default, enter any one or more (including all, if so elected by Lessor) of the Properties, regardless of whether such Event of Default emanated from or related primarily to a single Property (whether one or more, and whether pursuant to clause (i) or (ii), the "Defaulted Property"), by force, if necessary, to the extent permitted by applicable laws and regulations without liability to action for prosecution or damages for such entry or for the manner thereof, and do whatever Lessee is obligated or permitted to do under this Lease. Lessee hereby releases and discharges Lessor and its agents from all claims, actions, suits, damages and penalties for or by reason of any such entry. Lessee agrees to reimburse Lessor on demand for all expenses, including, without limitation, reasonable attorneys' fees and expenses, that Lessor may incur in effecting compliance with Lessee's obligations under this Lease, and Lessee further agrees that Lessor shall not be liable for any damages resulting to Lessee from such action.

C. Lessor may immediately terminate Lessee's right of possession of the Defaulted Property, but not terminate this Lease with respect to the Defaulted Property, and without notice or demand, except as may be required by applicable law, enter upon such Defaulted Property or any part thereof and take absolute possession of the same, and at Lessor's sole option may relet such Defaulted Property or any part thereof for such terms and such rents as Lessor may reasonably elect. In the event of such reletting, the rent received by Lessor from such reletting shall be applied in the manner set forth in Section 16.4, and Lessee shall satisfy and pay any deficiency upon demand therefor from time to time. Any entry into and possession of the Defaulted Property by Lessor shall be without liability or responsibility to Lessee and shall not be in lieu of or in substitution for any other legal rights of Lessor hereunder. Lessee further agrees that Lessor may file suit to recover any sums due under the terms of this Lease and that no recovery of any portion due Lessor hereunder shall be any defense to any subsequent action brought by Lessor for any other amounts not reduced to judgment in favor of Lessor. Reletting any portion of the Defaulted Property relating to any one or more of the Properties shall not be construed as an election on the part of Lessor to terminate this Lease with respect to such Defaulted Property and, notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for default with respect to the Defaulted Property.

D. Lessor may terminate this Lease with respect to the Defaulted Property (whether one or more, the "Terminated Property"), by written notice to Lessee, in which event Lessee

shall immediately surrender to Lessor such Terminated Property, and if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have for possession or arrearages in Rent or any other payments under this Lease (including any interest and payment penalty which may have accrued pursuant to the terms of this Lease), enter upon and take possession of such Terminated Property and expel or remove the applicable Facility Lessee and any other Person who may be occupying such Terminated Property or any part thereof, by force, if necessary, to the extent permitted by applicable laws and regulations without being liable for prosecution or any claim for damages therefor. Except as otherwise may be required by applicable law or as otherwise expressly required under this Lease, Lessee hereby waives any statutory requirement of prior written notice for filing eviction or damage suits for nonpayment of Rent or any other payments under this Lease. In addition, Lessee agrees to pay to Lessor on demand the amount of all loss and damage which Lessor may suffer by reason of any termination effected pursuant to this Section 16.1D, which loss and damage shall be determined, at Lessor's option, by either of the following alternative measures of damages:

(i) Until Lessor is able to relet such Terminated Property, although Lessor shall be under no obligation to attempt to do so (unless required by applicable law), Lessee shall pay to Lessor, on or before the first day of each calendar month, the monthly rentals and other charges provided in this Lease relating to such Terminated Property. After such Terminated Property has been relet by Lessor, Lessee shall pay to Lessor on the tenth (10th) day of each calendar month the difference between the monthly rentals and other charges provided in this Lease related to such Terminated Property for the preceding calendar month (had this Lease not been terminated) and those actually collected by Lessor with respect to such reletting for that month. If it is necessary for Lessor to bring suit to collect any deficiency, Lessor shall have the right to allow such deficiencies to accumulate and to bring an action on several or all of the accrued deficiencies at one time. Any such suit shall not prejudice in any way the right of Lessor to bring a similar action for any subsequent deficiency or deficiencies. Any amount collected by Lessor from subsequent Tenants related to such Terminated Property for any calendar month in excess of the monthly Rent (including Additional Charges) herein allocated to such Terminated Property had this Lease not been terminated with respect thereto shall be credited to Lessee in reduction of Lessee's liability for any calendar month for which the amount collected by Lessor will be less than the monthly Rent (including Additional Charges) herein allocated to such Terminated Property had this Lease not been terminated with respect thereto such Terminated Facility, but Lessee shall have no right to any excess other than the above described credit.

(ii) When Lessor desires, Lessor may demand a final settlement with respect to such Terminated Property. Upon demand for a final settlement, Lessor shall have a right to, and Lessee hereby agrees to pay, the difference between the total of all monthly Rent (including Additional Charges) allocated to such Terminated Property for the remainder of the Term and the reasonable rental value thereof for such period, with such difference to be discounted to present value at a rate equal to the 5-Year U.S. Treasury Rate plus Two Percent (2%) per annum in effect upon the date of determination.

If Lessor elects to exercise the remedies prescribed in subsections A or B above, this election shall in no way prejudice Lessor's right at any time thereafter to cancel said election in favor of the remedy prescribed in subsection D or elsewhere in this Lease. Similarly, if Lessor elects to compute damages in the manner prescribed by subsection D(i) above, this election shall in no way prejudice Lessor's right at any time thereafter to demand a final settlement in accordance with subsection D(ii). Pursuit of any of the above remedies shall not preclude pursuit of any other remedies prescribed in other sections of this Lease and any other remedies provided by law or equity. Forbearance by Lessor to enforce one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of such default.

E. In the event that Lessor has either repossessed a Vacated Property pursuant to subsection A, repossessed a Defaulted Property pursuant to subsection C, or terminated this Lease with respect to one or more (or all, if so elected by Lessor) Defaulted Properties pursuant to subsection D, and Lessor elects to enter upon such portion of the Leased Property as provided herein, Lessor may change, alter, and/or modify the door locks on all entry doors of such portion of the Leased Property, thereby permanently excluding Lessee and its officers, principals, agents, employees, representatives and invitees therefrom. Lessor shall not thereafter be obligated to provide Lessee with a key to such portion of Leased Property at any time, regardless of any amounts subsequently paid by Lessee; provided, however, that in any such instance, during Lessor's normal business hours and at the convenience of Lessor, and upon receipt of written request from Lessee accompanied by such written waivers and releases as Lessor may reasonably require, Lessor may either (at Lessor's option) (1) escort Lessee or its authorized personnel to such Leased Property to retrieve any personal belonging or other property of Lessee not subject to any applicable Lessor's lien or security interest, or Lessor's right of purchase as provided in Section 34.2, or (2) obtain a list from Lessee of such personal property not subject to any applicable Lessor's lien or security interest that Lessor intends to remove, whereupon Lessor shall remove such property and make it available to Lessee at a time and place designated by Lessor. However, if Lessor elects option (2), Lessee shall pay, in cash in advance, all reasonable costs and expenses estimated by Lessor to be incurred in removing such property and making it available to Lessee and all moving and/or storage charges theretofore incurred by Lessor with respect to such property (plus an additional Seven Percent (7%) thereof to cover Lessor's administrative costs). If Lessor elects to exclude Lessee from any Defaulted Property (or all of the Defaulted Properties if so elected by Lessor) without repossessing or terminating pursuant to the foregoing provisions of this Lease, then Lessor shall not be obligated to provide Lessee a key to re-enter such Property or Properties until such time as all delinquent Rent has been paid in full and all other defaults, if any, have been completely cured to Lessor's satisfaction (if such cure occurs prior to any actual repossession or termination), and Lessor has been given assurance reasonably satisfactory to Lessor evidencing Lessee's ability to satisfy its remaining obligations under this Lease. To the extent permitted by law, the foregoing provision shall override and control any conflicting provisions of any applicable statute governing the right of a lessor to change the door locks of commercial leases.

F. In addition to any other available remedies, Lessor may, at Lessor's option and in accordance with the Subordination of Management Agreement and/or the Collateral Assignment, require Lessee to cancel the Management Agreement with respect to any one or more of the Facilities and to replace the Management Company managing any such one or more Facilities with a company acceptable to Lessor.

G. In addition to any other available remedies, at Lessor's option, with respect to each Defaulted Property or Entered Property, Lessor shall have those rights (i) to purchase Lessee's Personal Property in the manner provided in Section 34.2 hereof and (ii) to effect a transfer of the Licenses pursuant to the terms of Article XXXVIII hereof.

H. If this Lease or any part hereof is assigned, or if the Leased Property, or any part thereof is relet, Lessee hereby irrevocably constitutes and appoints Lessor as Lessee's agent to collect the rents and all other sums due by such assignee or Tenant and apply the same to the Rent due hereunder without in any way affecting Lessee's obligation to pay any unpaid balance of Rent due hereunder.

I. Proceed as a secured party under the provisions of the Uniform Commercial Code against the goods and other personal property related to the Entered Property or the Defaulted Property, including Lessee's Personal Property located on such Entered Property or such Defaulted Property, in which Lessor has a security interest.

J. Exercise any and all other rights and/or remedies granted or allowed to landlords by any existing or future statute or other law of the applicable State where the Entered Property or the Defaulted Property, as applicable, is located.

K. In the event, and only in the event, that applicable law requires Lessor to attempt to mitigate damages following the termination of Lessee's rights under this Lease with respect to any one or more of the Properties as provided in subsection D(i) above, Lessor shall use reasonable efforts to the extent required by applicable law to relet such Property or Properties on such terms and conditions as Lessor, in its sole good faith judgment, may determine (including, without limitation, a lease term different than the Term, rental concessions, alterations and repair any such Property); provided, however, that, with respect to any such Property or Properties (i) Lessor shall not be obligated to relet such Property before leasing other vacant space owned or operated by Lessor, (ii) Lessor reserves the right to refuse to lease such Property to any potential tenant that does not meet Lessor's reasonable standards and criteria for leasing any other comparable space owned or operated by Lessor (it being understood and agreed that it shall be deemed reasonable for Lessor to refuse to lease to a prospective tenant who owns, leases or operates a business similar to that conducted on such Property in the County where such Property is located), and (iii) Lessor shall not be obligated to undertake any greater efforts to relet such portion of the Leased Property than Lessor utilizes to lease any other vacant space owned or operated by Lessor. In any proceeding in which Lessor's efforts to mitigate damages and/or its compliance with this subsection is at issue, Lessor shall be presumed to have used reasonable efforts to mitigate damages and Lessee shall bear the burden of proof to establish that such reasonable efforts were not used.

L. No receipt of moneys by Lessor from Lessee after a termination of this Lease with respect to any one or more of the Properties or of Lessee's rights under this Lease by Lessor with respect thereto shall reinstate, continue or extend the Term of this Lease with respect to such one or more Properties or affect any notice theretofore given to Lessee, or operate as a waiver of the right of Lessor to enforce the payment of Rent and any related amounts to be paid by Lessee to Lessor then due or thereafter falling due, it being agreed that after the commencement of suit for possession of any such Property, or after final order or judgment for the possession of any such Property, Lessor may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such suit, order or judgment, all such money collected being deemed payments on account of the use and occupation of any such Property or, at the election of Lessor, on account of Lessee's liability hereunder. Lessee hereby waives any and all rights of redemption provided by any law, statute or ordinance now in effect or which may hereafter be enacted.

M. No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other legal or equitable right or remedy given hereunder, or at any time existing. The failure of Lessor to insist upon the strict performance of any provision or to exercise any option, right, power or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future, and no acceptance of full or partial payment of Rent or any other payment due under the terms of this Lease during the continuance of any such breach shall constitute a waiver of any such breach or any such term. To the extent permitted by law, no waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach. Lessor and Lessee agree that no waiver shall be effective hereunder unless it is in writing.

16.2 **Additional Expenses.** It is further agreed that, in addition to payments required pursuant to Section 16.1 above and the provisions of Section 40.3, Lessee shall compensate Lessor and its Affiliates for (a) all reasonable expenses incurred by Lessor and its Affiliates in enforcing the provisions of this Lease and in repossessing the Leased Property or any portion thereof (including among other expenses, any increase in insurance premiums caused by the vacancy of all or any portion of the Leased Property); (b) all reasonable expenses incurred by Lessor and its Affiliates in reletting (including among other expenses, repairs, remodeling, replacements, advertisements and brokerage fees); (c) all concessions granted to a new Tenant or Tenants upon reletting (including among other concessions, renewal options); (d) Lessor's and its Affiliates' reasonable attorneys' fees and expenses arising from or related to an Event of Default; (e) all losses incurred by Lessor and its Affiliates as a direct or indirect result of such Event of Default (including, among other losses, any adverse action by Facility Lenders); and (f) a reasonable allowance for Lessor's administrative efforts, salaries and overhead attributable directly or indirectly to such Event of Default and Lessor's pursuing the rights and remedies provided herein and under applicable law.

16.3 Waivers.

(a) If this Lease is terminated pursuant to Section 16.1, Lessee waives, to the extent permitted by applicable law, (i) any right of redemption, re-entry or repossession; (ii) any right to a trial by jury in the event of summary proceedings to enforce the remedies set forth in this Article XVI; (iii) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt; and (iv) any statutory requirement of prior written notice for filing eviction or damage suits for nonpayment of Rent or any other payments under this Lease. Lessee acknowledges and agrees that no waiver by Lessor of any provision of this Lease shall be deemed to have been made unless made under signature of an authorized representative of Lessor.

(b) To the extent permitted by applicable law, Lessee waives any and all rights or defenses arising by reason of: (i) any “one action” or “anti-deficiency” law or any other law which may prevent Lessor from bringing any action, including a claim for deficiency, against Lessee or any one or more of the Facility Lessees or Guarantors, before or after Lessor’s commencement or completion of any foreclosure or similar action or actions, either judicially or by exercise of a power of sale; (ii) any election of remedies by Lessor which destroys or otherwise adversely affects Lessee or any one or more of the Facility Lessee’s or Guarantor’s subrogation rights or rights to proceed against any Person for reimbursement, including, without limitation, any loss of rights Lessee or Guarantors may suffer by reason of any law limiting, qualifying, or discharging the Obligations (as defined in the Security Agreement), if any, (iii) any disability or other defense of any other Person, other than payment in full in legal tender, of the Obligations; (iv) any right to claim discharge of the Obligations on the basis of unjustified impairment of any collateral for the Obligations; (v) any defenses given to guarantors, sureties, and/or co-makers at law or in equity other than actual payment and performance of the Obligations; or (vi) any action by Lessor or its Affiliates to enforce its rights and remedies under this Lease, the Mortgage Loan Documents and the other Obligation Documents.

16.4 Application of Funds. Any payments otherwise payable by or to Lessee which are received by Lessor under any of the provisions of this Lease during the existence or continuance of any Event of Default shall be applied to Lessee’s obligations in the order which Lessor may reasonably determine.

16.5 Notices by Lessor. The provisions of this Article XVI concerning notices shall be liberally construed insofar as the contents of such notices are concerned, and any such notice shall be sufficient if reasonably designed to apprise Lessee of the nature and approximate extent of any default, it being agreed that Lessee is in as good or a better position than Lessor to ascertain the exact extent of any default by Lessee hereunder.

16.6 Lessor’s Contractual Security Interest. In order to secure the payment of all Rent due and to become due hereunder and the faithful performance of this Lease by Lessee and to secure all other obligations, indebtedness and liabilities of Lessee to Lessor, now existing or hereafter incurred, contemporaneously with the execution of this Lease, Lessee has executed the Security Agreement granting Lessor certain liens and security interests as therein described. The liens and security interests granted to Lessor pursuant to the Security Agreement are given in addition

to and cumulative to any statutory landlord lien. All exemption laws are hereby waived in favor of such lien and security interest and in favor of Lessor's statutory landlord lien. Upon the occurrence of an Event of Default by Lessee, Lessor shall have the remedies set forth in the Security Agreement, in addition to all remedies available at law or in equity and the remedies set forth in this Lease.

ARTICLE XVII
LESSOR'S RIGHT TO CURE

Subject to the provisions of Article XII relating to permitted contests, if Lessee shall fail to make any payment, or to perform any act required to be made or performed under this Lease and to cure the same within the relevant time periods provided in Section 16.1, or if a breach or default or event of default occurs with respect to any Material Obligation, including, without limitation, any Material Obligation relating to any receivables or working capital loan or financing provided to Lessee (collectively the "RFFE Loans"), and such default or event of default is not cured or waived within the applicable cure period provided in the document evidencing such Material Obligation, after written notice to Lessee, Lessor, without waiving or releasing any obligation or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Lessee, and may, to the extent permitted by law, enter upon any portion of the Leased Property for such purpose and take all such action thereon as, in Lessor's opinion, may be necessary or appropriate therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all reasonable costs and expenses (including, without limitation, reasonable, documented, out-of-pocket attorneys' fees and expenses, in each case, to the extent permitted by law) so incurred, together with a late charge thereon (to the extent permitted by law) at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Lessor until reimbursed, shall be paid by Lessee to Lessor on demand.

ARTICLE XVIII
PURCHASE OF THE LEASED PROPERTY

In the event Lessee purchases any Property pursuant to the terms of this Lease, Lessor shall, upon receipt from Lessee of the applicable purchase price, together with full payment of any unpaid Rent, including, without limitation, any unpaid Additional Charges and any other amounts owed by Lessee or its Affiliates to Lessor, MPT Real Estate Owner and their respective Affiliates, due and payable with respect to any period ending on or before the date of the purchase, cause MPT Real Estate Owner to deliver to Lessee an appropriate special warranty deed or other similar instrument of conveyance conveying the entire interest of MPT Real Estate Owner in and to such Property to Lessee in the condition as received from Lessee, free and clear of all encumbrances other than (a) those that Lessee has agreed hereunder to pay or discharge; (b) those mortgage liens, if any, which Lessee has agreed in writing to accept and to take title subject to; (c) any other Liens permitted to be imposed on such Property under the provisions of Article XXXVI which are assumable at no cost to Lessee or to which Lessee may take subject without cost to Lessee; and (d) any matters affecting such Property on or as of the applicable

Commencement Date. The positive difference, if any, between the applicable purchase price and the total of the monetary encumbrances assigned or taken subject to shall be paid in cash to MPT Real Estate Owner, or as MPT Real Estate Owner may direct, in federal or other immediately available funds except as otherwise mutually agreed by MPT Real Estate Owner and Lessee. The closing of any such sale shall be contingent upon and subject to Lessee obtaining all required governmental consents and approvals for such transfer and if such sale shall fail to be consummated by reason of the inability of Lessee to obtain all such approvals and consents, any options to extend the Term of this Lease which otherwise would have expired during the period from the date when Lessee elected or became obligated to purchase such portion of the Leased Property until Lessee's inability to obtain the approvals and consents is confirmed shall be deemed to remain in effect for thirty (30) days after the end of such period. All expenses of such conveyance, including, without limitation, the cost of title examination or standard coverage title insurance, survey, reasonable attorneys' fees incurred by Lessor and MPT Real Estate Owner in connection with such conveyance, transfer taxes, prepayment penalties, and any other reasonable fees of any Facility Lender with respect to any Facility Instrument, recording fees and similar charges shall be paid by Lessee.

ARTICLE XIX
HOLDING OVER

If Lessee shall for any reason remain in possession of any Property after the expiration of the Term or any earlier termination of the Term with respect to thereto, such possession shall be as a tenancy at will, during which time Lessee shall pay, as rental each month, one and one-half (1-1/2) times the aggregate of (a) one-twelfth (1/12) of the aggregate Allocated Base Rent relating to such Property payable with respect to the last complete twelve (12)-month period prior to the expiration of the Term; (b) all Additional Charges relating to such Property accruing during the month, and (c) all other sums, if any, payable by Lessee pursuant to the provisions of this Lease with respect to such Property. During such period of tenancy, Lessee shall be obligated to perform and observe all of the terms, covenants and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by law to tenancies at will, to continue its occupancy and use of such Property. Nothing contained herein shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease.

ARTICLE XX
LESSOR CONSENT

Whenever MPT TRS, in its capacity as a Member under the LLC Agreement has approved pursuant to Section 4.12 of the LLC Agreement any item that requires Lessor's approval hereunder or has provided consent pursuant to the LLC Agreement with respect to any item that requires Lessor's consent hereunder, Lessor will be deemed to have approved or consented to such item hereunder.

ARTICLE XXI
RISK OF LOSS

During the Term, the risk of loss of, or decrease in, the enjoyment and beneficial use of the Leased Property in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions (other than by Lessor and those claiming from, through or under Lessor) is assumed by Lessee and, Lessor shall in no event be answerable or accountable therefor nor shall any of the events mentioned in this Article XXI entitle Lessee to any abatement of Rent except as specifically provided in this Lease.

ARTICLE XXII
INDEMNIFICATION

NOTWITHSTANDING THE EXISTENCE OF ANY INSURANCE OR SELF INSURANCE PROVIDED FOR IN ARTICLE XIII, AND WITHOUT REGARD TO THE POLICY LIMITS OF ANY SUCH INSURANCE OR SELF INSURANCE, IN ADDITION TO ANY OTHER INDEMNIFICATION OBLIGATIONS OF LESSEE AND GUARANTORS AS PROVIDED IN THIS LEASE, LESSEE WILL PROTECT, INDEMNIFY, SAVE HARMLESS AND DEFEND LESSOR AND MPT REAL ESTATE OWNER FROM AND AGAINST ALL LIABILITIES, OBLIGATIONS, CLAIMS, DAMAGES, PENALTIES, CAUSES OF ACTION, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) TO THE EXTENT PERMITTED BY LAW, IMPOSED UPON OR INCURRED BY OR ASSERTED AGAINST LESSOR AND MPT REAL ESTATE OWNER BY REASON OF: (A) ANY ACCIDENT, INJURY TO OR DEATH OF PERSONS OR LOSS OF PERSONAL PROPERTY OCCURRING ON OR ABOUT THE LEASED PROPERTY OR ADJOINING SIDEWALKS, INCLUDING WITHOUT LIMITATION ANY CLAIMS OF MALPRACTICE DURING THE TERM OR WHICH RELATE TO THE PERIOD OF LESSEE'S POSSESSION DURING THE TERM, (B) ANY USE, MISUSE, NO USE, CONDITION, MAINTENANCE OR REPAIR BY LESSEE OF THE LEASED PROPERTY DURING THE TERM OR WHICH RELATE TO THE PERIOD OF LESSEE'S POSSESSION DURING THE TERM, (C) ANY IMPOSITIONS (WHICH ARE THE OBLIGATIONS OF LESSEE TO PAY PURSUANT TO THE APPLICABLE PROVISIONS OF THIS LEASE), (D) ANY FAILURE ON THE PART OF LESSEE TO PERFORM OR COMPLY WITH ANY OF THE TERMS OF THIS LEASE, (E) THE NON-PERFORMANCE OF ANY OF THE TERMS AND PROVISIONS OF ANY AND ALL EXISTING AND FUTURE SUBLEASES OF THE LEASED PROPERTY TO BE PERFORMED BY THE LANDLORD (LESSEE) THEREUNDER DURING THE TERM OR WHICH RELATE TO THE PERIOD OF LESSEE'S POSSESSION DURING THE TERM, (F) ANY AND ALL LAWFUL ACTION THAT MAY BE TAKEN BY LESSOR OR MPT REAL ESTATE OWNER IN CONNECTION WITH THE ENFORCEMENT OF THE PROVISIONS OF THIS LEASE, WHETHER OR NOT SUIT IS FILED IN CONNECTION WITH SAME, OR IN CONNECTION WITH LESSEE OR

A GUARANTOR AND/OR ANY PARTNER, JOINT VENTURER, MEMBER OR SHAREHOLDER THEREOF BECOMING A PARTY TO A VOLUNTARY OR INVOLUNTARY FEDERAL OR STATE BANKRUPTCY, INSOLVENCY OR SIMILAR PROCEEDING, (G) WITH RESPECT TO EACH PROPERTY, TO THE EXTENT ARISING DURING THE TERM OR WHICH RELATE TO THE PERIOD OF LESSEE'S POSSESSION DURING THE TERM, ANY (I) TO THE EXTENT ARISING DURING THE TERM, ENCROACHMENTS ONTO OR FROM ADJACENT PROPERTIES; (II) VIOLATIONS OF SET-BACK, BUILDING OR SIDE LINES; (III) ENCROACHMENTS ONTO ANY EASEMENTS OR SERVITUDES LOCATED ON SUCH PROPERTY; (IV) PENDING OR THREATENED BOUNDARY LINE DISPUTES; (V) PORTIONS OF SUCH PROPERTY LOCATED IN A FLOOD PLAIN OR IN AN AREA DEFINED AS A WETLAND UNDER APPLICABLE STATE OR FEDERAL LAW; (VI) CEMETERIES OR GRAVESITES LOCATED ON, WITHIN OR UNDER SUCH PROPERTY; OR (VII) MINE SHAFTS UNDER SUCH PROPERTY OR ANY OTHER LATENT DEFECTS, SUCH AS SINKHOLES, REGARDING OR AFFECTING SUCH PROPERTY, (H) ANY GRANTS, CONVEYANCES OR TRANSFERS OF ANY INTERESTS OR RIGHTS IN OR TO THE LEASED PROPERTY (INCLUDING, WITHOUT LIMITATION, EASEMENTS, RIGHTS-WAY, RESTRICTIONS) MADE BY LESSEE OR ANY OTHER PERSON WHICH ARE NOT APPROVED BY LESSOR PRIOR TO PLACING THE SAME OF RECORD ON THE LEASED PROPERTY, INCLUDING, WITHOUT LIMITATION, THOSE PRIOR TO THE LESSOR TAKING TITLE TO THE LEASED PROPERTY, (I) TO THE EXTENT ARISING DURING THE TERM, THE IMPROVEMENTS HAVING INSUFFICIENT ACCESS TO A PUBLIC RIGHT OF WAY OR FAILING TO BE IN COMPLIANCE WITH ALL RULES, REGULATIONS AND ORDINANCES OF ALL GOVERNMENTAL AUTHORITIES HAVING JURISDICTION OVER THE IMPROVEMENTS AND THE LAND, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO ZONING AND PARKING, (J) ANY FAILURE ON THE PART OF LESSEE TO PERFORM OR COMPLY WITH ANY OF THE TERMS OF THE OKLAHOMA GROUND LEASE AS REQUIRED UNDER THE TERMS OF THIS LEASE, AND (K) ANY REVERSION OF THE APPLICABLE LEASED IMPROVEMENTS UNDER OKLAHOMA GROUND LEASE TO THE "LANDLORD" THEREUNDER DURING THE FIXED TERM OR DURING ANY EXTENSION TERM EXERCISED HEREUNDER BY LESSEE. ANY AMOUNTS WHICH BECOME PAYABLE BY LESSEE UNDER THIS ARTICLE XXII SHALL BE PAID WITHIN FIFTEEN (15) DAYS AFTER DEMAND THEREFOR BY LESSOR AND/OR MPT REAL ESTATE OWNER AND, IF NOT TIMELY PAID, SHALL BEAR A LATE CHARGE (TO THE EXTENT PERMITTED BY LAW) AT THE OVERDUE RATE FROM THE EXPIRATION OF SAID FIFTEEN (15) DAY PERIOD UNTIL THE DATE OF PAYMENT AND A LATE PAYMENT PENALTY ON SUCH AMOUNT. LESSEE, AT ITS EXPENSE, SHALL CONTEST, RESIST AND DEFEND ANY SUCH CLAIM, ACTION OR PROCEEDING ASSERTED OR INSTITUTED AGAINST LESSOR OR MPT REAL ESTATE OWNER AND MAY COMPROMISE OR OTHERWISE DISPOSE OF THE SAME, SUBJECT TO THE APPROVAL OF LESSOR

ARTICLE XXIII
ASSIGNMENT, SUBLETTING AND SUBLEASE SUBORDINATION

23.1 **Assignment and Subletting.**

(a) Lessee shall not assign this Lease without Lessor's prior written consent. Lessor shall not unreasonably withhold, condition or delay its consent to any assignment, provided, that (i) such assignee shall assume in writing and agree to keep and perform all of the terms of this Lease on the part of Lessee to be kept and performed; and (ii) an original counterpart of the assignment, duly executed by Lessee and such assignee in form and substance reasonably satisfactory to Lessor, shall be delivered promptly to Lessor; it being understood and agreed, however, that if, in connection with any such assignment, Lessee desires that Lessor release Lessee from its obligations under this Lease, Lessor's review and approval of any assignee shall be in Lessor's sole and absolute discretion. The parties agree that Lessor's failure or refusal to approve an assignment to an assignee that does not have the operating characteristics reasonably satisfactory to Lessor shall be reasonable on its face. Notwithstanding anything contained in this Lease to the contrary, any assignment must be of all of Lessee's right, title and interest in and to this Lease and the Leased Property such that this Lease is not severed with respect to any one or more of the Properties. The parties agree that Lessor's failure or refusal to approve an assignment to an assignee without the required operating strengths shall be reasonable on its face.

(b) Lessee shall not sublease any portion of a particular Property if such Tenant Lease would exceed Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) in annual rent without Lessor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Lessee agrees that (i) each Tenant Lease shall comply with the provisions of this Article XXIII, (ii) subject to Section 23.4, a copy of each such Tenant Lease, duly executed by Lessee and such Tenant in form and substance reasonably satisfactory to Lessor, shall be delivered promptly to Lessor and (iii) Lessee shall remain primarily liable, as principal rather than as surety, for the prompt payment of the Rent and for the performance and observance of all of the obligations, covenants and conditions to be performed by Lessee hereunder and under all of the other documents executed in connection herewith. Any modifications, amendments and restatements of any Tenant Leases (but excluding renewals and extensions) hereafter entered into (other than those having less than Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) in annual rent) must be approved by Lessor in accordance with this Article XXIII. In no event shall Lessee sublease all or substantially all of any Property without Lessor's prior written consent, which may be withheld in Lessor's sole discretion.

23.2 Sublease Limitations. In addition to the sublease limitations as set forth in [Section 23.1](#), above, and notwithstanding anything contained in this Lease to the contrary, Lessee shall not sublet the Leased Property on any basis such that the rental to be paid by the Tenant thereunder would be based, in whole or in part, on either (a) the income or profits derived by the business activities of the Tenant, or (b) any other formula such that any portion of the Tenant Lease rental received by Lessor would fail to qualify as “rents from real property” within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto. Moreover, Lessee shall not sublet any portion of the Leased Property for a term extending beyond the Fixed Term without the express consent of Lessor. In addition, all Tenant Leases shall comply in all material respects with the Healthcare Laws. Lessor and Lessee acknowledge and agree that all Tenant Leases entered into relating to the Leased Property, whether or not approved by Lessor, shall not, without the prior written consent of Lessor, be deemed to be a direct lease between Lessor and any Tenant. Lessee agrees that all Tenant Leases must include provisions to the effect that (i) such sublease is subject and subordinate to all of the terms and provisions of this Lease, to the rights of Lessor hereunder, and to all financing documents relating to any Facility Loan in connection with the Leased Property, (ii) in the event this Lease shall terminate or be terminated before the expiration of the Tenant Lease, the Tenant will, at Lessor’s option, exercisable at any time in Lessor’s discretion, attorn to Lessor and waive any right the Tenant may have to terminate the sublease or to surrender possession thereunder as a result of the termination of this Lease, (iii) in the event of a termination of this Lease with respect to all or the applicable Property, at Lessor’s option, exercisable at any time in Lessor’s discretion, the sublease may be terminated or left in place by Lessor, (iv) Tenant shall from time to time upon request of Lessee or Lessor furnish within twenty (20) days from request an estoppel certificate in form and content reasonably acceptable to Lessor or any Facility Lender relating to the Tenant Lease, (v) in the event the Tenant receives a written notice from Lessor or Lessor’s assignees, if any, stating that an Event of Default under this Lease has occurred, the Tenant shall, to the extent specified in such notice, thereafter be obligated to pay all rentals accruing under said Tenant Lease directly to the Person giving such notice, or as such Person may direct, and such Tenant shall be entitled to conclusively rely on such notice (all rentals received from the Tenant by Lessor or Lessor’s assignees, if any, as the case may be, shall be credited against the amounts owing by Lessee under this Lease), and (vi) such Tenant Lease shall at all times be subject to the obligations and requirements as set forth in this [Article XXIII](#).

23.3 Sublease Subordination and Non-Disturbance.

(a) At any time during the Term, except with respect to the Existing Subleases, within twenty (20) days following written request by Lessor with respect to any Tenant, Lessee shall cause any applicable Tenant to execute and deliver to Lessor (a) an estoppel certifying such matters as Lessor may reasonably request, including, without limitation, that such Tenant Lease is unmodified and in full force and effect (or setting forth the modifications), the term and expiration thereof and the dates to which the Rent has been paid; and/or (b) a subordination, non-disturbance and attornment agreement relating to the applicable Tenant Lease, which subordination, non-disturbance and attornment agreement shall be in form mutually satisfactory to Lessor and Lessee.

(b) Within twenty (20) days from the date of request of Lessor, a Facility Lender or Lessee, with respect to any Tenant, Lessee shall use commercially reasonable efforts to cause such Tenant and Lessor shall cause such Facility Lender to enter into a written agreement in a form reasonably acceptable to such Facility Lender and such Tenant whereby (i) such Tenant subordinates the Tenant Lease and all of its rights and estate thereunder to each such mortgage or deed of trust that encumbers the Leased Property or any part thereof and agrees with each such Facility Lender that such Tenant will attorn to and recognize such Facility Lender or the purchaser at any foreclosure sale or any sale under a power of sale contained in any such mortgage or deed of trust, as the case may be, as Lessor under this Lease for the balance of the Term then remaining, subject to all of the terms and provisions of the Tenant Lease and (ii) such Facility Lender shall agree that Tenant shall not be disturbed in peaceful enjoyment of the applicable portion of the Leased Property nor shall the applicable Tenant Lease be terminated or canceled at any time, except as specified in the applicable Tenant Lease.

23.4 **Existing Subleases.** Notwithstanding anything contained herein to the contrary, Lessor and Lessee acknowledge that there currently exist certain leases or subleases on the Leased Property as described on **Exhibit D** (collectively the "Existing Subleases"). Lessor hereby consents to the Existing Subleases. Any material modifications, amendments and restatements of the Existing Subleases or any Tenant Lease hereafter entered into (but excluding renewals and extensions that do not otherwise materially modify or amend the relevant Existing Sublease or Tenant Lease) must be approved by Lessor in accordance with this **Article XXIII**.

ARTICLE XXIV
OFFICER'S CERTIFICATES; FINANCIAL STATEMENTS; NOTICES AND OTHER CERTIFICATES

(a) At any time and from time to time within twenty (20) days following written request by Lessor, each Facility Lessee shall furnish to Lessor an Officer's Certificate certifying that this Lease is unmodified and in full force and effect (or that this Lease is in full force and effect as modified and setting forth the modifications) and the dates to which the Rent has been paid. Any such Officer's Certificate furnished pursuant to this Article may be relied upon by Lessor and MPT Real Estate Owner and any prospective purchaser of the Leased Property.

(b) Each Facility Lessee shall furnish, or cause to be furnished, to Lessor the following statements, notices and certificates in such form and detail as Lessor may reasonably require:

(i) within one hundred twenty (120) days after the end of each year, audited Financial Statements of such Facility Lessee and Capella Holdings (which Financial Statements may be provided on a consolidated basis so long as such consolidated Financial Statements provide a supplementary schedule of such Facility Lessee's

operating results and balance sheet and statements of operations and of cash flows) and, if such Facility Lessee owns any assets or conducts any other operations other than the Business, then of the Facility separately, prepared by a nationally recognized accounting firm or an independent certified public accounting firm reasonably acceptable to Lessor, which statements shall include balance sheets and statements of operations and of cash flows, all in accordance with GAAP for the year then ended; and

(ii) within (x) sixty (60) days after the end of the fourth quarter of each year and (y) forty-five (45) days after the end of each other quarter, current balance sheets and quarterly statements of operations and of cash flows of such Facility Lessee and Capella Holdings, and, if such Facility Lessee owns any assets or conducts any other operations other the Business, then of its Facility separately, certified to be true and correct by an officer of such Facility Lessee; and

(iii) within thirty (30) days after the end of each month, current balance sheets, monthly income statements and cash flows (if available or produced in the ordinary course of business) of such Facility Lessee and statistics of its Facility, including, but not limited to, the number of patient discharges, the number of inpatient days, the case mix index, the payor sources for inpatient days (by inpatient days), outpatient utilization by service (ER, non-ER), and, statements of Cash Collections for each such month; and

(iv) within thirty (30) days after the end of each calendar year, a list of the names, specialties, and ages of all active medical staff members of the Facility operated by such Facility Lessee, certified to be true and correct by an officer of such Facility Lessee; and

(v) within ten (10) days after receipt, any and all notices (regardless of form) from any and all licensing and/or certifying agencies that any license or certification, including, without limitation, the Medicare and/or Medicaid certification and/or managed care contract relating to the Facility operated by such Facility Lessee is being downgraded to a substandard category, revoked, or suspended, or that action is pending or being considered to downgrade to a substandard category, revoke, or suspend such Facility's license or certification; and

(vi) with reasonable promptness, such other information respecting the financial condition and affairs of such Facility Lessee, Capella Holdings and their respective Affiliates as Lessor may reasonably request from time to time.

(c) Upon Lessor's request, each Facility Lessee and Capella Holdings shall furnish to Lessor a certificate in form reasonably acceptable to Lessor certifying that no Event of Default then exists and to Lessee's knowledge no event has occurred (that has not been cured) and no condition currently exists that would, but for the giving of any required notice or expiration of any applicable cure period, constitute an Event of Default, or disclosing that such an event or condition, if any, exists.

(d) Within five (5) Business Days after receipt, each Facility Lessee shall furnish to Lessor copies of all written notices and demands from any third-party payor, including, without limitation, Medicare and/or Medicaid, concerning any overpayment which will or could reasonably be expected to require a repayment or a refund in excess of Three Million and No/100 Dollars (\$3,000,000.00) with respect to such Facility Lessee.

(e) Each Facility Lessee shall furnish to Lessor prompt written notice of, and any information related to, any governmental investigations of such Facility Lessee or the Guarantors (or any of their respective Affiliates), or any inspections or investigations of the Facility operated by such Facility Lessee which are conducted by the United States Attorney, State Attorney General, the Office of the Inspector General of the Department of Health and Human Services, or any other Governmental Body, and provide to Lessor, on a monthly basis, ongoing status reports (in form and content acceptable to Lessor) of any such government investigations;

(f) Each Facility Lessee shall furnish to Lessor within five (5) Business Days after receipt thereof copies of all pre-termination notices from Medicare and/or Medicaid, all notices of adverse events or deficiencies as defined by the regulations and standards of the state Medicare and/or Medicaid certification agency, the Joint Commission (formerly known as the Joint Commission on the Accreditation of Healthcare Organizations) (the "Joint Commission") or the equivalent accrediting body relied upon by such Facility Lessee in the operation of the Facility operated by such Facility Lessee or any part thereof, except if any termination, adverse event or deficiency referenced in such notice would not result in a material adverse effect on Lessee, the Properties and the Business taken as a whole.

(g) With respect to each Facility, such Facility Lessee shall furnish to Lessor promptly upon receipt thereof copies of all notices that such Facility Lessee, any Guarantor or their respective Affiliates are not, with respect to such Facility, in compliance with the Standards for Privacy of Individually Identifiable Health Information and the Transaction and Code Set Standards which were promulgated pursuant to HIPAA.

(h) Each Facility Lessee shall provide to Lessor promptly written notice of any default or event of default with respect to any Material Obligation of such Facility Lessee, including any RFFE Loan, and upon Lessor's request, such Facility Lessee or any Guarantor shall furnish to Lessor a certificate in form reasonably acceptable to Lessor certifying that, with respect to each Material Obligation, no event of default or, to such Facility Lessee or Guarantor's knowledge, default then exists thereunder.

(i) Lessor reserves the right to require such other financial information from Lessee at such other times as it shall deem reasonably necessary. All financial statements and information must be in such form and detail as Lessor shall from time to time, but not unreasonably, request.

(j) As to any information provided by any Facility Lessee to Lessor pursuant to this Article XXIV ("Proprietary Information"), neither Lessor, nor its agents, representatives,

employees, partners, members, officers or directors will disclose any Proprietary Information unless prior consent to such disclosure is obtained from Lessee, which consent may be withheld, conditioned or delayed at Lessee's sole discretion. Lessor shall hold in strict confidence and shall disclose Proprietary Information only to Lessor's employees, agents, attorneys, accountants, consultants, investors, potential investors, lenders, potential lenders, purchasers, potential purchasers and service providers who have a reason to know such Proprietary Information in order to assist Lessor. Neither Lessor nor any of its employees, agents, attorneys, accountants, consultants, investors, potential investors, lenders or service providers shall disclose Proprietary Information to any other person or entity except in connection with any tax, regulatory or loan securitization obligations or use Proprietary Information for its or their benefit or for any purpose not expressly agreed upon in writing by Lessee. The obligation hereunder to maintain the confidentiality of Proprietary Information and to refrain from use of Proprietary Information for any purposes not agreed upon shall not expire. The foregoing restriction on the dissemination of Proprietary Information shall not apply to any Proprietary Information which (i) is disclosed in a printed publication available to the public or is otherwise in the public domain through no act of the party to whom the Proprietary Information has been provided, (ii) is approved for release by written authorization of an officer of the party to whom the Proprietary Information belongs or (iii) is required to be disclosed by proper order of a court of competent jurisdiction after adequate notice to the party to whom the Proprietary Information belongs in order to allow that party to seek a protective order therefor.

ARTICLE XXV
INSPECTIONS

Upon reasonable prior written notice, Lessee shall permit Lessor, or its designated Affiliate, and their respective authorized representatives to inspect the Leased Property during usual business hours subject to any security, health, safety or confidentiality requirements of Lessee, any governmental agency, any Insurance Requirements relating to the Leased Property, or imposed by law or applicable regulations, except that, in the event of an emergency, Lessor shall have the right to inspect the Leased Property upon reasonable notice (which in this circumstance may be verbal) under the circumstances to Lessee.

ARTICLE XXVI
NO WAIVER

Any provision of this Lease or Exhibits hereto may be amended or waived only in a writing signed by the parties hereto. No waiver of any provision hereunder or any breach or default thereof shall extend to or affect in any way any other provision or prior or subsequent breach or default.

ARTICLE XXVII
REMEDIES CUMULATIVE

To the extent permitted by law, each legal, equitable or contractual right, power and remedy of Lessor or Lessee now or hereafter provided either in this Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Lessor or Lessee of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Lessor or Lessee of any or all of such other rights, powers and remedies.

ARTICLE XXVIII
SURRENDER

No surrender to Lessor of this Lease or of the Leased Property, or of any part thereof or interest therein, shall be valid or effective unless agreed to and accepted in writing by Lessor, and no act by Lessor or any representative or agent of Lessor, other than such a written acceptance by Lessor, shall constitute an acceptance of any such surrender.

ARTICLE XXIX
NO MERGER OF TITLE

There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same person, firm, corporation or other entity may acquire, own or hold, directly or indirectly, (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate and (b) the fee estate in the Leased Property.

ARTICLE XXX
TRANSFERS BY LESSOR AND MPT REAL ESTATE OWNER; SEVERANCE RIGHTS

30.1 Transfers by Lessor. Lessee acknowledges that MPT Real Estate Owner may sell its interest in the Leased Property in whole or in part, and that Lessor may assign its interest in this Lease in whole or in part, in any such case, without Lessee's prior written consent or approval. If MPT Real Estate Owner, Lessor or any successor owner of any Property shall convey such Property in accordance with the terms hereof, other than as security for a debt, the grantee or transferee of such Property shall expressly assume all obligations of Lessor hereunder arising or accruing from and after the date of such conveyance or transfer, and Lessor or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of Lessor under this Lease relating to such Property arising or accruing from and after the date of such conveyance or other transfer and all such future liabilities and obligations shall thereupon be binding upon the new owner. Lessee agrees that any successor purchaser may exercise any and all rights of Lessor; provided, however, such successor purchaser shall be subject to the same restrictions imposed upon Lessor hereunder. Subject to the execution by a prospective purchaser of a written confidentiality agreement on terms reasonably acceptable to Lessee, Lessor may divulge to any such prospective purchaser all information, reports, financial statements, certificates and documents obtained by it from Lessee.

30.2 Severance Rights. Notwithstanding the unitary nature of this Lease, Lessor may at any time and from time to time cause this Lease to be severed with respect to any one or more of the Properties (each, a “Severed Property”). If Lessor shall desire to sever this Lease pursuant to this Section 30.2, Lessor shall deliver written notice (each, a “Severance Notice”) to Lessee not less than thirty (30) days prior to the date that this Lease shall be severed with respect to the Severed Property or Severed Properties identified in the Severance Notice (such date identified in a Severance Notice, a “Severance Date”). The Severance Notice shall specify the Severed Property and the Severance Date. Effective upon a Severance Date, the applicable Severed Property shall no longer be part of the Leased Property under this Lease and such Severed Property shall be deemed to be and shall be leased by Lessor to Lessee for the amount of Rent allocable to such Severed Property pursuant to a separate lease (a “Severed Lease”) upon the same terms and conditions as provided in this Lease (except for such provisions as by their terms are not applicable to such Severed Property); it being agreed, however, that the liability of the applicable lessor under the Severed Lease shall be limited to such lessor’s interest in the Severed Property. The portion of the Base Rent allocable to the Severed Property shall be the Allocated Base Rent for such Severed Property. Effective upon the Severance Date, the Rent payable with respect to each Severed Property shall no longer be payable by Lessee under this Lease and shall instead be payable under the Severed Lease applicable to such Severed Property. Effective on the Severance Date, the parties shall enter into the Severed Lease, and an amendment of this Lease, and an amendment of the applicable other Obligation Documents that assures that Lessor receives security and credit enhancements for both the Severed Lease and this Lease as so amended, comparable to that existing prior to the severance (the “Other Credit Enhancements”). For so long as Lessor under this Lease shall be the lessor under a Severed Lease, any such Severed Lease and the related Other Credit Enhancements shall be deemed “Obligation Documents” for all purposes under this Lease, any Event of Default under such Severed Lease or Other Credit Enhancements shall constitute an Event of Default under this Lease, and any Event of Default under this Lease or the other Obligation Documents shall constitute an Event of Default under such Severed Lease. Lessor will prepare the Severed Lease, the Other Credit Enhancements, the Lease amendment and, if necessary, the amendments to the other applicable Obligation Documents with respect to each Severed Property consistent with the provisions of this Section 30.2 and the parties agree to execute and deliver or cause to be executed and delivered.

ARTICLE XXXI
QUIET ENJOYMENT

So long as Lessee shall pay all Rent as the same becomes due and shall fully comply with all of the terms of this Lease and fully perform its obligations hereunder, Lessee shall peaceably and quietly have, hold and enjoy the Leased Property for the Term hereof, free of any claim or other action by Lessor or anyone claiming by, through or under Lessor, but subject to the Permitted Exceptions, any Facility Loan and all liens and encumbrances of record. No failure by

Lessor to comply with the foregoing covenant shall give Lessee any right to cancel or terminate this Lease, or to fail to pay any other sum payable under this Lease, or to fail to perform any other obligation of Lessee hereunder. Notwithstanding the foregoing, Lessee shall have the right by separate and independent action to pursue any claim it may have against Lessor as a result of a breach by Lessor of the covenant of quiet enjoyment contained in this Article XXXI.

ARTICLE XXXII
NOTICES

All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Lease shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted via telecopy (or other facsimile device) to the number set out below if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid. Notices, demands and communications, in each case to the respective parties, shall be sent to the applicable address set forth below, unless another address has been previously specified in writing:

if to Lessee: c/o Capella Holdings, Inc.
510 Corporate Drive, Suite 200
Franklin, TN 37067-2662
Attn: Michael Wiechart
Neil Kunkel
Fax: (615) 764-3038

with a copy to: Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attn: Margaret A. Gibson, P.C., John G. Caruso and
Christopher M. Thomas
Fax: (312) 862-2200

if to Lessor: c/o MPT Operating Partnership, L.P.
1000 Urban Center Drive, Suite 501
Birmingham, Alabama 35242
Attn: Legal Department
Fax: (205) 969-3756

with a copy to: Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
420 20th Street North
1400 Wells Fargo Tower
Birmingham, Alabama 35203
Attn: Thomas O. Kolb, Esq.
Fax: (205) 322-8007

or to such other address with respect to a party as such party notifies the other in writing as above provided.

ARTICLE XXXIII
APPRAISAL

If it becomes necessary to determine the Fair Market Value, the Fair Market Value Purchase Price or the Fair Market Added Value of any Property, each party, within ten (10) Business Days following the date of the event which makes such determination necessary, shall, by notice to the other, appoint an appraiser (each of whom must be a member of the AIREA and adhere to the USPAP standards in the preparation of the appraisal). The appraisers thus appointed shall appoint a third appraiser (such third appraiser must also be a member of the AIREA and adhere to the USPAP standards in the preparation of the appraisal) and such third appraiser shall appraise such Property to determine the Fair Market Value Purchase Price or Fair Market Added Value thereof; provided, however, that if a party fails to appoint an appraiser within such required period, the sole appraiser appointed shall conduct the appraisal and the parties shall use commercially reasonable efforts to cause such appraisal to be completed within forty-five (45) days following the event which makes such determination necessary. This provision for determination by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties except as otherwise provided by applicable law. Lessor and Lessee shall each pay one-half (1/2) of all costs and expenses incurred in connection with such appraisal. Any appraisal shall assess the Fair Market Value Purchase Price or Fair Market Added Value of the applicable Property as of the date of the event which makes such assessment necessary.

ARTICLE XXXIV
PURCHASE RIGHTS

34.1 **Lessee's Option to Purchase.** So long as (i) at the time of the giving of the notification described below no Event of Default has occurred and is continuing, and no event has then occurred which with the giving of notice or the passage of time or both would constitute an Event of Default, and (ii) no Event of Default has occurred and is continuing at the time of the closing of the purchase described below, at the expiration of the Term of this Lease, Lessee shall have the option, to be exercised by written notice to the Lessor no sooner than five hundred forty-five (545) days, and no later than three hundred sixty-five (365) days, prior to the expiration of the Term of this Lease, to purchase the entire Leased Property, and not less than the

entire Leased Property, at a purchase price equal to the Option Price for the entire Leased Property. In the event Lessee exercises the option to purchase the Leased Property as provided in this Section 34.1, (i) the terms set forth in Article XVIII shall apply, (ii) Lessee shall continue paying Rent as required under this Lease until the purchase is closed, and (iii) the sale/purchase shall be closed following the expiration of the Term and within thirty (30) days after such expiration of the Term.

34.2 Lessor's Option to Purchase Lessee's Personal Property. With respect to any Facility, upon prior written notice to Lessee, Lessor shall have the option to purchase all (but not less than all) of the Facility Lessee's Personal Property relating to such Facility, if any, at the expiration or earlier termination of this Lease with respect to such Facility, for an amount equal to the lesser of (i) the depreciated cost of Lessee's Personal Property relating to such Facility, or (ii) the net sound insurable value thereof (current replacement cost less accumulated depreciation on the books of Lessee pertaining thereto), as determined in the good faith, reasonable discretion of Lessor, subject to, and with appropriate price adjustments for, all equipment leases, conditional sale contracts, security interests and other encumbrances to which such Lessee's Personal Property is subject. Notwithstanding anything contained in this Section 34.2 to the contrary, the options to purchase granted under this Section 34.2 do not pertain to any of the Licenses, it being understood and agreed that all matters relating to the transfer of the Licenses are addressed in Article XXXVIII.

ARTICLE XXXV SUBSTITUTION RIGHTS

35.1 Lessee's Property Substitution Right. Subject to its satisfaction of the conditions precedent to such right set forth in Section 35.2 and to all other terms and conditions hereof, Lessee is hereby granted the right, at any time during the Term, so long as no Event of Default then exists, and no event has then occurred which with the giving of notice or the passage of time or both would constitute an Event of Default, (a) to cause this Lease to be amended to release any Property (the "Eliminated Property") from this Lease and to convey the same to Lessee or its Affiliate, concurrently with (b) the conveyance of a Substitute Property to Lessor and the execution of an amendment adding such Substitute Property to the Leased Property under this Lease (a "Property Substitution").

35.2 Conditions Precedent to Lessee's Property Substitution Right. The right of Lessee to effect a Property Substitution is subject to satisfaction by Lessee, or waiver by Lessor, in its sole and absolute discretion, of each of the following:

(a) Lessee shall have given Lessor notice of such proposed Property Substitution not less than sixty (60) days prior to the proposed Property Substitution Date. Any notice from Lessee to Lessor concerning a proposed Property Substitution shall include the following:

(i) notice of the Property Substitution Date proposed by Lessee and Lessee's Affiliate proposed to be the operator of the Substitute Property;

(ii) the Fair Market Value of the Substitute Property is not less than the Fair Market Value of such Eliminated Property, as determined in the good faith, reasonable discretion of Lessor;

(iii) a title insurance commitment from a title insurance company of recognized standing undertaking to issue to Lessor or its designee, at Lessee's expense, an ALTA Owner's extended coverage policy of title insurance with respect to the proposed fee real property interests included in the Substitute Property and in the amount of the Fair Market Value thereof, confirming that upon conveyance thereof to Lessor or its designee, such transferee will hold good and marketable title to the proposed Substitute Property, free and clear of title defects, liens, encumbrances and burdens which are not acceptable to such transferee in its sole discretion;

(iv) a written Phase I Environmental Assessment (and if necessary, a Phase II Assessment) of the proposed Substitute Property, prepared by an environmental consulting firm reasonably acceptable to Lessor not more than one hundred twenty (120) days prior to the proposed Property Substitution Date;

(v) a current as-built survey of the real property included in the proposed Substitute Property;

(vi) an engineering and architectural inspection of the buildings and other improvements included in the proposed Substitute Property prepared by an engineering firm reasonably acceptable to Lessor not more than one hundred twenty (120) days prior to the proposed Property Substitution Date, confirming that the proposed Substitute Property is in a good and safe condition and does not require modifications or repairs costing more than Two Percent (2%) of the Fair Market Value thereof during the first (1st) twelve (12) months after the effective date of such Property Substitution;

(vii) a list of all material leases and contracts pertaining to the proposed Substitute Property, together with copies of any such agreements which have a term of more than one (1) year or which involve payment of consideration in excess of Fifty Thousand and No/100 Dollars (\$50,000) in any twelve (12) month period;

(viii) a list of all material accreditations, permits, authorizations and approvals of accreditation agencies and federal, state and local agencies pertaining to the proposed Substitute Property and to the Hospital location and related facilities located and operated thereon, together with copies of all such accreditation, permits, authorizations and approvals;

(ix) a copy of the most recent Joint Commission survey of the Hospital location operated on the proposed Substitute Property; and

(x) financial information concerning the Substitute Property sufficient to demonstrate the financial performance of the Substitute Property either (A) in form and level of detail acceptable to Lessor in its sole and absolute discretion, or (B) if Lessee's Affiliate shall have operated the Substitute Property for at least the preceding two (2) fiscal years, presented in a form and level of detail reasonably acceptable to Lessor;

(b) the proposed Substitute Property shall have a Fair Market Value of no less than the Fair Market Value of the Eliminated Property, as determined in the good faith, reasonable discretion of Lessor; and

(c) the acquisition of the proposed Substitute Property shall have been approved by MPT's Board of Directors in accordance with its then existing general underwriting guidelines for investments in hospitals and related facilities in effect at such time.

35.3 **Procedures for Property Substitution.** On the Property Substitution Date, Lessee and Lessor and/or their respective Affiliates shall take the following actions:

(a) Lessee and Lessor will execute instruments in mutually agreeable form (i) terminating the Lease with respect to the Eliminated Property, except for such obligations which expressly survive any such termination, and adding such Substitute Property to the Leased Property under this Lease;

(b) Lessor will convey the Eliminated Property to Lessee or its designee on an "as is" and "where is" basis in the manner and on the terms set forth in Article XVIII;

(c) Lessee or its Affiliate will convey the Substitute Property to Lessor or its Affiliate by special warranty deed, which conveyance will be accompanied by ALTA Owner's title insurance policy as contemplated by Section 35.2(a)(iii) above; and

(d) Lessee, its Affiliates and the Guarantors shall deliver to Lessor the Other Credit Enhancements as shall be necessary to provide Lessor with the security and credit enhancements comparable, in Lessor's reasonable discretion, to those provided in the other Obligation Documents which pertain to the Substitute Lease.

As soon as practicable after the Property Substitution Date, Lessee will reimburse Lessor and its Affiliates for all documented, out-of-pocket expenses incurred by Lessor and its Affiliates in connection with such Property Substitution.

ARTICLE XXXVI
FINANCING OF THE LEASED PROPERTY

Lessor agrees that, if it grants or creates any mortgage, lien, encumbrance or other title retention agreement (“Liens”) upon any Property after the Commencement Date, Lessor will obtain an agreement from the holder of each such Lien whereby such holder agrees (a) to give the Facility Lessee which operates such Property the same notice, if any, given to Lessor of any default or acceleration of any obligation underlying any such Lien or any sale in foreclosure of such Lien, (b) to permit such Facility Lessee, after twenty (20) days’ prior written notice, to cure any such default on Lessor’s behalf within any applicable cure period, (c) to permit such Facility Lessee to appear with its representatives and to bid at any foreclosure sale with respect to any such Lien, (d) that, if subordination by such Facility Lessee is requested by the holder of each such Lien, to enter into an agreement with such Facility Lessee containing the provisions described in Article XXXVII, and (e) to execute and deliver to such Facility Lessee a written agreement consenting to this Lease and agreeing that, notwithstanding any such other Facility Instrument or any default, expiration, termination, foreclosure, sale, entry or other act or omission thereunder, such Facility Lessee shall not be disturbed in peaceful enjoyment of such portion of the Leased Property nor shall this Lease be terminated or canceled at any time, except in accordance with Article XVI as a result of an Event of Default. No Facility Lessee shall be subordinated to the holder of a Lien unless both conditions of clause (d) and (e) above are met.

ARTICLE XXXVII
SUBORDINATION AND NON-DISTURBANCE

At the request from time to time by one or more Facility Lenders with respect to any Facility Lessee, within twenty (20) days from the date of request, such Facility Lessee shall execute and deliver within such twenty (20)-day period, to such Facility Lender, an estoppel certificate along with a written agreement in form and content reasonably acceptable to such Facility Lender and Facility Lessee whereby, as to any Property of such Facility Lessee encumbered by a Facility Instrument of such Facility Lender, such Facility Lessee subordinates this Lease and all of its rights and estate hereunder to each such Facility Instrument and agrees with each such Facility Lender that such Facility Lessee will attorn to and recognize such Facility Lender or the purchaser at any foreclosure sale or any sale under a power of sale contained in any such Facility Instrument, as the case may be, as Lessor under this Lease with respect to such Property for the balance of the Term then remaining, subject to all of the terms and provisions of this Lease; provided, however, that the applicable MPT Real Estate Owner and each such Facility Lender simultaneously executes and delivers to such Facility Lessee a written agreement in form and content reasonably acceptable to such Facility Lender and Facility Lessee consenting to this Lease and agreeing that, notwithstanding any such other mortgage, deed of trust, right, title or interest, or any default, expiration, termination, foreclosure, sale, entry or other act or omission under, pursuant to or affecting any of the foregoing, such Facility Lessee shall not be disturbed in peaceful enjoyment of such Property nor shall this Lease be terminated or canceled at any time, except as a result of an Event of Default.

ARTICLE XXXVIII
LICENSES

38.1 Maintenance of Licenses. With respect to each Facility, each Facility Lessee (a) shall maintain at all times during the Term and any holdover period, (i) the Operating Agreements, (ii) the Participation Agreements and (iii) all applicable federal, state and local governmental licenses, approvals, qualifications, variances, certificates of need, franchises, accreditations, certificates, certifications, consents, permits and other authorizations and contracts, including provider numbers and provider agreements with governmental or quasi-governmental entities and other third parties, which may be necessary for the operation of the Facility operated by such Facility Lessee for the Primary Intended Use, or required for certification and participation under Medicare and Medicaid legislation and regulations, the provider programs of the State Regulatory Authorities for each particular Facility (“DHS”), the United States Department of Health and Human Services (“DHHS”), and the Centers for Medicare and Medicaid Services (“CMS”), and/or state or federal Title XVIII and/or Title XIX provider programs applicable for each such Facility (the items described in this subsection (iii), collectively, the “Licenses”) (provided, however, no Facility Lessee shall be required to maintain any Operating Agreements or Participation Agreements unless such agreements are required for participation in Medicare and Medicaid programs and/or required for the maintenance of federal, state and local licenses); (b) shall remain in compliance with all state and federal laws, rules, regulations and procedures with regard to the operation of the Facility operated by such Facility Lessee, including, without limitation, HIPAA and the regulations promulgated by the State Regulatory Authorities, as applicable for each such Facility, as they may from time to time exist; and (c) shall operate the Facility operated by such Facility Lessee in a manner consistent with quality acute care services and sound reimbursement principles under the Medicare and/or Medicaid programs and as required under state and federal law.

38.2 No Transfers or Alterations of Licenses. Except in connection with a permitted assignment of this Lease, Lessee covenants and agrees that during the Term it shall not, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed, (a) sell, move, modify (including, without limitation, the establishment of a “provider-based” network or similar arrangement), cancel, surrender, transfer, assign, sell, relocate, pledge, secure, convey or in any manner encumber any License, or (b) effect or attempt to effect any change in the license category or status of any Facility or any part thereof.

38.3 Notifications; Corrective Actions. Each Facility Lessee shall notify Lessor in writing within five (5) Business Days after such Facility Lessee’s receipt of any notice, action, proceeding or inquiry of any governmental agency, bureau or other authority, whether federal, state or local, of any kind, nature or description, which could adversely affect any material License for the Facility operated by such Facility Lessee, or the ability of such Facility Lessee to maintain its status as the licensed and accredited operator of such Facility, or which alleges any material noncompliance with any law. At the time of delivery of such notification to Lessor, such Facility Lessee shall furnish Lessor with a copy of any and all such notices or inquiries. Each Facility Lessee shall act diligently to correct any deficiency or deal effectively with any

“adverse action” or other proceedings, inquiries or other governmental actions, so as to maintain the Licenses and Medicare and/or Medicaid certification, status for the Facility operated by such Facility Lessee in good standing at all times. No Facility Lessee shall agree to any settlement exceeding Four Million and No/100 Dollars (\$4,000,000.00) or other action with respect to such proceedings or inquiries which affects the use of all or any portion of the Leased Property or any part thereof for the Primary Intended Use without the prior written consent of Lessor, which consent shall not be unreasonably conditioned or delayed.

38.4 **Termination of Lease.** UPON THE TERMINATION OF THIS LEASE OR LESSEE’S RIGHT OF POSSESSION HEREUNDER WITH RESPECT TO ANY ONE OR MORE PROPERTIES (ASSUMING LESSEE DOES NOT PURCHASE THE LEASED PROPERTY AS PROVIDED HEREIN), WITHOUT ANY ADDITIONAL CONSIDERATION TO ANY FACILITY LESSEE, THE APPLICABLE FACILITY LESSEE SHALL, FOR REASONABLE PERIODS OF TIME AFTER SUCH TERMINATION, USE ITS BEST EFFORTS TO FACILITATE AN ORDERLY TRANSFER OF THE OPERATION AND OCCUPANCY OF SUCH PROPERTY TO LESSOR OR ITS DESIGNEE, AND SUCH COOPERATION SHALL INCLUDE, WITHOUT LIMITATION, (1) SUCH FACILITY LESSEE’S EXECUTION AND SUBMISSION TO THE APPROPRIATE AUTHORITY OF ANY AND ALL DOCUMENTS REQUIRED TO EFFECT THE TRANSFER, ISSUANCE OR ASSIGNMENT TO LESSOR OR ITS DESIGNEE OF ANY AND ALL LICENSES, INCLUDING ALL MEDICARE AND MEDICAID PROVIDER NUMBERS AND PROVIDER AGREEMENTS, (2) SUCH FACILITY LESSEE’S MAINTENANCE OF THE EFFECTIVENESS OF ANY AND ALL SUCH LICENSES UNTIL SUCH TIME AS ANY NEW LICENSES NECESSARY FOR ANY NEW LESSEE OR OPERATOR TO OPERATE THE FACILITY OPERATED BY SUCH FACILITY LESSEE HAVE BEEN ISSUED, AND (3) THE TAKING OF SUCH OTHER ACTIONS AS REASONABLY REQUESTED BY LESSOR OR REQUIRED BY APPLICABLE LAW; IT BEING UNDERSTOOD AND AGREED THAT THE PERFORMANCE OR EXERCISE OF ANY OF THE FOREGOING RIGHTS, REMEDIES, DUTIES AND OBLIGATIONS SHALL BE WITHOUT ANY ADDITIONAL CONSIDERATION TO SUCH FACILITY LESSEE.

38.5 **Material Condition of Lease.** IT IS AN INTEGRAL CONDITION OF THIS LEASE, AND A MATERIAL INDUCEMENT TO LESSOR’S AGREEMENT TO ENTER INTO THIS LEASE, THAT EACH FACILITY LESSEE ACKNOWLEDGES AND AGREES TO COOPERATE WITH AND ASSIST LESSOR AND/OR ITS DESIGNEE IN CONNECTION WITH ANY TRANSFER OF THE LICENSES OR THE OPERATIONS OF THE FACILITIES IN ACCORDANCE WITH THIS ARTICLE XXXVIII. INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH A TERMINATION OF THIS LEASE OR REMOVAL OF LESSEE FROM POSSESSION OF ONE OR MORE PROPERTIES IN THE MANNER SET FORTH IN SECTION 38.4 ABOVE, WHICH COOPERATION AND ASSISTANCE SHALL BE WITHOUT ANY ADDITIONAL CONSIDERATION TO LESSEE.

ARTICLE XXXIX
INTENTIONALLY OMITTED

ARTICLE XL
MISCELLANEOUS

40.1 **General.** If any term or provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term or provision shall not be affected thereby. If any late charges provided for in any provision of this Lease are based upon a rate in excess of the maximum rate permitted by applicable law, the parties agree that such charges shall be fixed at the maximum permissible rate. All the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties and their respective successors and assigns (subject to Article XXIII); provided, however, that (a) this Lease shall not inure to the benefit of any assignee pursuant to an assignment which violates the terms of this Lease and (b) neither this Lease nor any other document or agreement contemplated under this Lease shall be deemed to confer upon any Person not a party to this Lease any rights or remedies contained in this Lease. The headings in this Lease are for convenience of reference only and shall not limit or otherwise affect its meaning.

40.2 **Bankruptcy Waivers.**

(a) Unitary and Non-Severable Lease. The parties agree that for the purposes of any assumption, rejection or assignment of this Lease under 11 U.S.C. Section 365 or any amendment or successor section thereof, this is one indivisible and non-severable lease dealing with and covering one legal and economic unit which must be assumed, rejected or assigned as a whole with respect to all (and only all) the Leased Property covered hereby.

(b) Relief from Stay. Lessee acknowledges and agrees that in the event any Lessee or any Leased Property relating to any Facility shall become the subject of any bankruptcy or insolvency estate, then (i) Lessee shall not oppose any request by Lessor to obtain an order from the court granting relief from the automatic stay pursuant to Section 362 of the Bankruptcy Code so as to permit the exercise of all rights and remedies pursuant to this Lease, and (ii) the occurrence or existence of any Event of Default under this Lease shall, in and of itself, constitute "cause" for relief from the automatic stay pursuant to the provisions of Section 362(d)(1) of the Bankruptcy Code, based on the fact that the non-existence of a bankruptcy proceeding was a material inducement for the entry by Lessor into this Lease.

(c) Automatic Stay. Lessee hereby waives the stay imposed by 11 U.S.C. Section 362(a) as to actions by the Lessor against each Facility. Lessee acknowledges and agrees that in the event of the filing of any voluntary or involuntary petition in bankruptcy by or against Lessee, it shall not assert or request that any other party assert that the automatic stay provided by Section 362 of the Bankruptcy Code shall operate or be interpreted to stay, interdict, condition, reduce or inhibit the ability of Lessor to enforce any rights or remedies held by virtue of the Lease or applicable law.

(d) **Patient Care Ombudsman.** Lessee hereby agrees (i) to use its best efforts to contest the necessity of the appointment of a Patient Care Ombudsman for such Facility as that term is defined in 11 U.S.C. Section 333, and/or (ii) to join with Lessor in requesting a waiver of or contesting the appointment of such a Patient Care Ombudsman.

40.3 **Lessor's Expenses.** In addition to the other provisions of this Lease, including, without limitation, Section 16.2 hereof, Lessee agrees and shall pay and/or reimburse Lessor and its Affiliates' reasonable documented, out-of-pocket costs and expenses, including, without limitation, the costs and expenses of reports and investigations and reasonable legal fees and expenses attributable to an Event of Default and Lessor's pursuing the rights and remedies provided herein and under applicable law, incurred or resulting from or relating to (a) requests by Lessee for approval or consent under this Lease or any other Obligation Document (including any consents relating to management, the placing of liens on Lessee's Personal Property and any intercreditor issues which arise in connection with any Material Obligation), (b) any circumstances or developments which give rise to Lessor or its Affiliates' right of consent or approval under this Lease or any other Obligation Document, (c) circumstances resulting from any action or inaction by Lessee contrary to the lease provisions, (d) any Property Substitution, (e) a request for changes, including, but not limited to, (i) the permitted use of the Leased Property, (ii) alterations and improvements to the Leased Improvements, (iii) subletting or assignment, and (iv) any other changes in the terms, conditions or provisions of this Lease or any other Obligation Document, and (f) enforcement by Lessor or its Affiliates of any of the provisions of this Lease or any other Obligation Document. Such expenses and fees shall be paid by Lessee within thirty (30) days of the submission of a statement for the same or such amount(s) shall be subject to a late charge computed at the Overdue Rate from the expiration of said thirty (30) day period to the date of payment, plus a Late Payment Penalty with respect to such unpaid amount.

40.4 **Entire Agreement; Modifications.** This Lease, together with all exhibits, schedules and the other documents referred to herein, embody and constitute the entire understanding between the parties with respect to the transactions contemplated herein, and all prior and contemporaneous agreements, understandings, representations and statements (oral or written) are merged into this Lease. Neither this Lease, any exhibit or schedule attached hereto, nor any provision hereof or thereof may be modified or amended except by an instrument in writing signed by Lessor and Lessee.

40.5 **Lessor Securities Offering and Filings.** Notwithstanding anything contained herein to the contrary, Lessee shall, at Lessor's sole costs and expense, cooperate with Lessor in connection with any securities offerings and filings, or Lessor's efforts to procure or maintain financing for, or related to, the Leased Property, or any portion thereof and, in connection therewith, Lessee shall furnish Lessor, in a timely fashion, with such financial and other information (including audited financial statements and consents of auditors) as Lessor shall reasonably request. Lessor shall reimburse the Lessee for any and all reasonable incremental costs (i.e., reasonable costs not otherwise incurred by the Lessee with respect to the normal preparation of such financial statements for other purposes) incurred in furnishing, or causing its

accountants to furnish, such financial statements and consents. Lessor may disclose that Lessor has entered into this Lease with Lessee and may provide and disclose information regarding this Lease, Lessee, the Guarantors, the Leased Property and each Facility, and such additional information which Lessor may reasonably deem necessary, to its proposed investors in such public offering or private offering of securities, or any current or prospective lenders with respect to such financing, and to investors, analysts and other parties in connection with earnings calls and other normal communications with investors, analysts, and other parties. Upon reasonable advance notice, Lessor, its legal and financial representatives, and any lender providing financing for all or any portion of the Leased Property shall have the right, subject to the execution of a written confidentiality agreement on terms reasonably acceptable to Lessor, such lender and Lessee, to access, examine and copy all agreements, records, documentation and information relating to Lessee, the Guarantors, and such Leased Property, and to discuss such affairs and information with the officers, employees and independent public accountants of Lessee as often as reasonably necessary. The additional costs of Lessee in complying with the foregoing shall be reimbursed to Lessee by Lessor.

40.6 **Non-Recourse as to Lessor.** Anything contained herein to the contrary notwithstanding, any claim based on, or in respect of, any liability of Lessor under this Lease shall be enforced only against the Leased Property and any proceeds therefrom and not against any other assets, properties or funds of (i) Lessor, (ii) any director, officer, general partner, member, shareholder, limited partner, beneficiary, employee, representative, contractor or agent of Lessor or any of its Affiliates (collectively, the "Lessor Parties") (or any legal representative, heir, estate, successor or assign of Lessor or any of the Lessor Parties), (iii) any predecessor or successor partnership or corporation (or other entity) of Lessor or any of the Lessor Parties, either directly or through Lessor or the Lessor Parties, or (iv) any person or entity affiliated with any of the foregoing. In no event shall Lessor or any of the Lessor Parties be liable for indirect, incidental, consequential, special, punitive or exemplary damages, regardless of the form of action, whether in contract, tort or otherwise, and even if such party has been advised of the possibility of such damages.

40.7 **Covenants, Restrictions and Reciprocal Easements.** Subject to the Master Lease and the Oklahoma Ground Lease, and Lessee's consent, which consent shall not be unreasonably withheld, conditioned, or delayed, and notwithstanding anything herein to the contrary, Lessor shall have the right, but not the obligation, to place of record all covenants, restrictions and reciprocal easements on all or any portion of the Land (collectively, the "Declarations") which Lessor deems reasonably necessary for the ownership of any Property, with such Declarations to be in form and content acceptable to Lessor in its reasonable discretion.

40.8 **Force Majeure.** Except for Rent and other monetary obligations payable pursuant to the terms of this Lease (which shall not be extended or excused), in the event that Lessor or Lessee shall be delayed, hindered in or prevented from the performance of any act required under this Lease by reason of strikes, lockouts, labor troubles, or other industrial disturbances, inability to procure materials, failure of power, unavailability of any utility service, restrictive governmental laws or regulations, acts of public enemies, war, blockades, riots, insurrections, earthquakes, fires, storms, floods, civil disturbances, weather-related acts of God, failure to act, or default of

another party, or other reason beyond Lessor's or Lessee's control (individually "Force Majeure"), then performance of such act shall be excused for the period of the delay, and the period of the performance of any such act shall be extended for a period equivalent to the period of such delay. Within ten (10) Business Days following the occurrence of Force Majeure, the party claiming a delay due to such event shall give written notice to the other setting forth a reasonable estimate of such delay.

40.9 Management Agreements. Lessee shall not engage, terminate or remove any Management Company, without Lessor's prior written consent, which consent shall be in Lessor's sole discretion; provided, however, that Lessor hereby approves Sunergeo Health as the current Management Company for the Facilities. At the request of Lessor, from time to time Lessee shall execute and deliver a subordination agreement relating to any Management Agreement entered into after the date hereof, which shall be in substantially the form of the Subordination of Management Agreement attached hereto as **Exhibit E** (the "Subordination Agreement"). Lessee shall execute and deliver such Subordination Agreement to Lessor within ten (10) Business Days after Lessor's request. Lessee agrees that execution of a subordination agreement in substantially the form of the Subordination Agreement shall be a precondition to Lessee entering into any future Management Agreement. Lessee shall require any Management Company to execute and deliver to Lessor within ten (10) Business Days from Lessor's request an estoppel certificate, as required by Lessor and/or any Facility Lender, in such form and content as is reasonably acceptable to Lessor and/or such Facility Lender.

40.10 Lessee Non-Competition.

(a) Each Facility Lessee agrees that while the Lease is in place and, if such Lease is terminated due to an Event of Default by Lessee, then for a period of three (3) years thereafter (the "Noncompete Period"), no Facility Lessee shall, directly or indirectly, acquire, finance, guarantee indebtedness, own, lease, manage, develop or provide services in connection with the acquisition, ownership, operation or development of any real estate located within ten (10) miles of any point on or within any Property, which real estate is used in a Competing Business. Any violation of the provisions of this **Section 40.10** shall suspend the Noncompete Period for the duration of such violation. "Competing Business" shall mean any healthcare business which involves the provision of general acute care services, long term care services, rehabilitation services and skilled nursing; provided, however, that the foregoing shall not prohibit any Facility Lessee from acquiring, owning, operating or developing real estate, the acquisition, ownership, operation or development of which by such Facility Lessee will not have an adverse effect on the applicable Property, the ability of such Facility Lessee to perform its obligations under this Lease, or the ability of each of the Borrower Affiliates to perform their obligations under the Mortgage Loan Documents, all as determined in the reasonable discretion of Lessor and MPT Real Estate Owner.

(b) Lessee agrees that the restrictions contained herein are reasonable and necessary to protect the legitimate interests of Lessor and MPT Real Estate Owner, and that any violation of the provisions would result in damages which cannot be adequately compensated by money

alone. Lessee agrees that Lessor and MPT Real Estate Owner will be entitled to injunctive or other equitable relief without proving actual damages or posting any bond in the event of any violation of the restrictions contained herein; provided, however, that the foregoing shall not limit or be construed to prohibit or limit the right of Lessor and MPT Real Estate Owner to pursue any other legal and equitable remedies available to it on account of such breach or violation, including the recovery of damages from Lessee.

(c) If any court shall hold that the duration or scope of this Section 40.10 (geographic or otherwise) is unreasonable or invalid, then the provisions of this Section 40.10 shall remain in effect for whatever time period or geographic area that such court does not declare to be unreasonable or invalid. In addition, if any court shall hold that the duration or scope (geographic or otherwise) of this Section 40.10 is unreasonable or invalid, then, to the extent permitted by law, the court may prescribe a maximum duration or scope (geographic or otherwise) that is judicially enforceable and not unreasonable and the parties agree to accept such judicial determination, which the parties agree shall be substituted in place of any and every judicially unenforceable provision of this Section 40.10, and that this Section 40.10, as so modified, shall be fully enforceable as if originally executed in such manner.

(d) The terms of this Section 40.10 are intended to comply with all applicable rules and regulations of all governmental and regulating authorities. Accordingly, the parties agree to renegotiate, in good faith, any term, condition or provision of this Section 40.10 determined to be in contravention of any regulation, policy or law of any such authority. All other provisions hereof shall remain enforceable to the fullest extent permitted by law.

40.11 Lessor Non-Competition.

(a) Each Facility Lessor agrees that while the Lease is in place (the "Lessor Noncompete Period") no Facility Lessor shall, directly or indirectly, acquire, finance, guarantee indebtedness, own, lease, manage, develop or provide services in connection with the acquisition, ownership, operation or development of any real estate located within ten (10) miles of any point on or within (i) any Property subject to this Lease, (ii) any "Property" subject to an Affiliate Separate Lease or (iii) any "Property" subject to a Real Estate Mortgage, which real estate or any portion thereof is utilized as a general acute care hospital or ambulatory surgery center. Any violation of the provisions of this Section 40.11 shall suspend the Lessor Noncompete Period for the duration of such violation; provided, however, that the foregoing shall not prohibit any Facility Lessor from acquiring, owning, operating or developing real estate, the acquisition, ownership, operation or development of which by such Facility Lessor will not have an adverse effect on the applicable Property, the ability of Lessee to perform its obligations under this Lease, or the ability of each of the Borrower Affiliates to perform their obligations under the Mortgage Loan Documents, all as determined in the reasonable discretion of Lessee.

(b) Lessor agrees that the restrictions contained herein are reasonable and necessary to protect the legitimate interests of Lessee and that any violation of the provisions would result

in damages which cannot be adequately compensated by money alone. Lessor agrees that Lessee will be entitled to injunctive or other equitable relief without proving actual damages or posting any bond in the event of any violation of the restrictions contained herein; provided, however, that the foregoing shall not limit or be construed to prohibit or limit the right of Lessee to pursue any other legal and equitable remedies available to it on account of such breach or violation, including the recovery of damages from Lessor.

(c) If any court shall hold that the duration or scope of this Section 40.11 (geographic or otherwise) is unreasonable or invalid, then the provisions of this Section 40.11 shall remain in effect for whatever time period or geographic area that such court does not declare to be unreasonable or invalid. In addition, if any court shall hold that the duration or scope (geographic or otherwise) of this Section 40.11 is unreasonable or invalid, then, to the extent permitted by law, the court may prescribe a maximum duration or scope (geographic or otherwise) that is judicially enforceable and not unreasonable and the parties agree to accept such judicial determination, which the parties agree shall be substituted in place of any and every judicially unenforceable provision of this Section 40.11, and that this Section 40.11, as so modified, shall be fully enforceable as if originally executed in such manner.

(d) The terms of this Section 40.10 are intended to comply with all applicable rules and regulations of all governmental and regulating authorities. Accordingly, the parties agree to renegotiate, in good faith, any term, condition or provision of this Section 40.10 determined to be in contravention of any regulation, policy or law of any such authority. All other provisions hereof shall remain enforceable to the fullest extent permitted by law

40.12 Governing Law. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS EXECUTED AND PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES. NOTWITHSTANDING THE FOREGOING, ALL PROVISIONS OF THIS LEASE RELATING TO THE CREATION OF THE LEASEHOLD ESTATE AND ALL REMEDIES SET FORTH IN ARTICLE XVI RELATING TO THE RECOVERY OF POSSESSION OF THE LEASED PROPERTY (SUCH AS AN ACTION FOR UNLAWFUL DETAINER OR OTHER SIMILAR ACTION) SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE LEASED PROPERTY IS LOCATED.

40.13 Jurisdiction and Venue. LESSOR AND LESSEE CONSENT TO PERSONAL JURISDICTION IN THE STATE OF DELAWARE. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 40.13, LESSOR AND LESSEE AGREE THAT ANY ACTION OR PROCEEDING ARISING FROM OR RELATED TO THIS LEASE SHALL BE BROUGHT AND TRIED EXCLUSIVELY IN THE STATE OR FEDERAL COURTS OF DELAWARE. EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT. LESSOR AND LESSEE EXPRESSLY ACKNOWLEDGE THAT DELAWARE IS A FAIR, JUST AND REASONABLE FORUM

AND AGREE NOT TO SEEK REMOVAL OR TRANSFER OF ANY ACTION FILED BY THE OTHER PARTY IN SAID COURTS. FURTHER, LESSOR AND LESSEE IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY CERTIFIED MAIL ADDRESSED TO A PARTY AT THE ADDRESS DESIGNATED PURSUANT TO ARTICLE XXXII SHALL BE EFFECTIVE SERVICE OF PROCESS AGAINST SUCH PARTY FOR ANY ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT. A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT MAY BE ENFORCED IN ANY OTHER COURT TO WHOSE JURISDICTION ANY OF THE PARTIES IS OR MAY BE SUBJECT. NOTWITHSTANDING THE FOREGOING, THE PARTIES FURTHER AGREE THAT ALL ACTIONS AND PROCEEDINGS RELATING TO THE CREATION OF THE LEASEHOLD ESTATE AND ALL REMEDIES RELATING TO THE RECOVERY OF POSSESSION OF ALL OR ANY PORTION OF THE LEASED PROPERTY (SUCH AS AN ACTION FOR UNLAWFUL DETAINER OR OTHER SIMILAR ACTION) MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF THE STATE WHERE THE APPLICABLE PORTION OF THE LEASED PROPERTY IS LOCATED.

40.14 **True Operating Lease**. Lessor and Lessee agree that this Lease is intended as, and shall for all purposes (other than for accounting purposes under GAAP) constitute a true operating lease and not a capital lease or financing and nothing herein shall be construed as conveying to Lessee any right, title or interest in or to the Leased Property or to any remainder or reversionary estates in the Leased Property held by any Person, except, in each instance, as a lessee. Under no circumstances shall this Lease be regarded as an assignment of all of Lessor's interest in and to the Leased Property; instead, Lessor and Lessee shall have the relationship between them of Lessor and Lessee, pursuant to the terms and provisions of this Lease. In no event shall Lessee or any Affiliate of Lessee claim depreciation, amortization or interest deductions as owner of any portion of the Leased Property for United States federal, state or local income tax purposes (except as to Capital Additions not funded by Lessor). It is an integral condition of this Lease, and a material inducement to Lessor's agreement to enter into this Lease, that Lessee agrees (other than for accounting purposes under GAAP) this Lease is an operating lease and not a capital lease or financing. Neither Lessor nor Lessee shall assert, and each hereby waives, any right to demand, request or plead for the re-characterization of this Lease or any other Obligation Document, whether or not in a proceeding related to any bankruptcy or insolvency of Lessor or Lessee.

40.15 **Regulatory Cooperation**. If, in the reasonable judgment of MPT Real Estate Owner or Lessor, MPT TRS, an Affiliate of Lessor, is prohibited by any laws or regulations from owning all or any portion of its equity interest in Health Holdings or from possessing or exercising any of its rights under the LLC Agreement, then the parties shall restructure Lessor's relationship with Lessee, including possible modifications of this Lease and the other Obligation Documents, so as to preserve the existing business and financial relationships among them, provided any

such modifications do not materially increase Lessee's obligations under this Lease or the Obligation Documents or materially diminish Lessee's rights under this Lease or the Obligation Documents. Lessor shall fully reimburse Lessee and its Affiliates for any and all reasonable out-of-pocket costs, expenses or liabilities arising out of, connected with or in any manner related to such restructuring.

40.16 Compliance with Anti-Terrorism Laws. Lessor hereby notifies Lessee that pursuant to the requirements of certain Anti-Terrorism Laws (including, without limitation, the Patriot Act) and Lessor's policies and practices, Lessor is required to obtain, verify and record certain information and documentation that identifies Lessee, its principals and Affiliates, which information includes the name and address of Lessee, its principals and Affiliates, and such other information that will allow Lessor to identify such parties in accordance with the Anti-Terrorism Laws (including, without limitation, the Patriot Act). Lessee will not, directly or indirectly, knowingly enter into any lease for the operation of any part of a Facility or any other lease or any material contracts with any person listed on the OFAC List. Lessee shall promptly notify Lessor if Lessee has knowledge that Lessee or any of its principals or Affiliates or any Guarantor is listed on the OFAC List or (a) is convicted on, (b) pleads nolo contendere to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. Lessee will not, directly or indirectly (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224, or other Anti-Terrorism Law.

40.17 Electronically Transmitted Signatures. In order to expedite the execution of this Lease, telecopied signatures or signatures sent by electronic mail may be used in the place of original signatures on this Lease. The parties intend to be bound by the signatures of the telecopied or electronically mailed signatures, and hereby waive any defenses to the enforcement of the terms of this Lease based on the form of the signature. Following any facsimile or electronic mail transmittal, the party shall promptly deliver the original instrument by reputable overnight courier in accordance with the notice provisions of this Lease.

40.18 Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF EITHER PARTY OR ANY EXERCISE OF ANY PARTY OF THEIR RESPECTIVE RIGHTS HEREUNDER OR IN ANY WAY RELATING TO THIS LEASE OR THE LEASED PROPERTY (INCLUDING ANY CLAIM OR DEFENSE ASSERTING THAT THIS LEASE WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR LESSOR TO ENTER INTO THIS LEASE.

40.19 **Counterparts.** This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

40.20 **Survival.** Notwithstanding any provision of this Lease to the contrary, the parties acknowledge and agree that, all claims against, and liabilities of, Lessee or Lessor which relate to acts or omissions prior to the date of expiration or termination of this Lease, and the covenants and obligations under this Lease which expressly relate to periods after the expiration or earlier termination of Lessee's tenancy under this Lease, including, without limitation, all indemnification obligations and those covenants and obligations described in Sections 8.1 (final sentence only), 8.3 (final sentence only), 16.2, 38.4, 38.5 and 40.3, and Articles XVIII, XIX and XXII, shall survive such expiration or earlier termination.

40.21 **Continuation of Defaults.** Notwithstanding any provision hereof to the contrary, whenever in this Lease the phrases "continuing," "continuation of" or similar words or phrases are used in connection with Events of Default, defaults, or events which with notice or passage of time would constitute Events of Default, such phrases or words shall not be construed to create any right in the Lessee to have additional periods of time to cure such defaults or Events of Default other than those specific cure periods provided in this Lease.

40.22 **Specific Performance.** In addition to any rights and remedies available to the parties hereunder or at law, each party shall be entitled to bring an action for specific performance and to seek other equitable relief in connection with any breach or violation, or any attempted breach or violation, of the provisions of this Lease.

40.23 **Joint Drafting.** The parties hereto and their respective counsel have participated in the drafting and redrafting of this Lease and the general rules of construction which would construe any provisions of this Lease in favor of or to the advantage of one party as opposed to the other as a result of one party drafting this Lease as opposed to the other or in resolving any conflict or ambiguity in favor of one party as opposed to the other on the basis of which party drafted this Lease are hereby expressly waived by all parties to this Lease.

40.24 **Joint and Several Obligations.** Each Facility Lessee shall be jointly and severally liable for all of the liabilities and obligations of Lessee under this Lease. Additionally, each Facility Lessee acknowledges and agrees that all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Lease shall be applicable to and shall be binding upon and enforceable against any one or more Facility Lessees.

40.25 **Representations, Agreements and Covenants relating to Certain Properties.** Further representations, agreements and covenants regarding certain of the Properties are set forth on Schedule 40.25 attached hereto and are hereby incorporated herein by reference.

40.26 **Oklahoma Ground Lease.** MPT Real Estate Owner has subleased the Oklahoma Ground Leased Property to the Oklahoma Lessor and the Oklahoma Lessor hereby subleases the Oklahoma Ground Leased Property to Lessee subject to the terms of the Oklahoma Ground Lease and solely for the purpose of using the Oklahoma Ground Leased Property in connection with the operation of the Oklahoma Facility located thereon. Lessee shall perform and fulfill all of Lessor's obligations and responsibilities under the Oklahoma Ground Lease from and after the date hereof and Lessee accepts, assumes and agrees to comply with, perform and observe all of the terms, conditions, provisions, limitations and obligations contained in the Oklahoma Ground Lease to be performed on the part of the Lessor as lessee therein, including the payment of rent required under the Oklahoma Ground Lease. Lessor and Lessee acknowledge and agree that in the event this Lease is terminated or canceled for any reason (i) the Oklahoma Ground Lease and all right, title and interest thereunder shall automatically revert to Lessor pursuant to the Master Lease (provided, however, in the event Lessee has failed to perform and pay all obligations under the Oklahoma Ground Lease, Lessee shall indemnify and hold Lessor harmless for all such obligations as provided in Article XXII hereof), and (ii) Lessee shall, immediately upon request by Lessor, sign, acknowledge, provide and deliver to Lessor any and all documents, instruments or other writings (all in recordable form) which are or may become necessary, proper and/or advisable to cause the Oklahoma Ground Lease to revert to Lessor as provided herein. Lessee shall not, without Lessor's prior written consent, which consent may be granted or denied in Lessor's sole discretion (i) assign, transfer or convey any interest, right or obligation in, to or under the Oklahoma Ground Lease, (ii) sublease any portion of the Oklahoma Ground Leased Property, (iii) terminate, modify, amend, restate or change in any way the Oklahoma Ground Lease, or (iv) exercise any option to purchase the Oklahoma Ground Leased Property. Lessee agrees that it will promptly upon receipt forward to Lessor copies of all notices, requests, demands and other correspondence and documents directed to and/or received from the Oklahoma Ground Lease Lessor.

ARTICLE XLI
MEMORANDUM OF LEASE

Lessor and Lessee shall, promptly upon the request of either, enter into a short form memorandum of this Lease, in form suitable for recording under the laws of the state in which the Leased Property is located, in which reference to this Lease, the Term and all options contained herein, shall be made. The party requesting recording shall pay any recording taxes and other costs in connection therewith.

[Signatures appear on following pages.]

IN WITNESS WHEREOF, the parties have caused this Lease Agreement to be executed by their respective officers thereunto duly authorized.

LESSOR:

MPT OF HARTSVILLE-CAPELLA

HOSPITAL, LLC

MPT OF MCMINNVILLE-CAPELLA

HOSPITAL, LLC

MPT OF MUSKOGEE-CAPELLA HOSPITAL, LLC

By: MPT Development Services, Inc.

Its: Sole Member of each above-referenced entity

By: /s/ R. Steven Hamner

Name: R. Steven Hamner

Its: Executive Vice President and CFO

[Sublease]

LESSEE:

HARTSVILLE, LLC

By: Carolina Pines Holdings, LLC
Its: Managing Member

By: /s/ Michael A. Wiechart
Name: Michael A. Wiechart
Title: Chief Executive Officer and President

**MUSKOGEE REGIONAL MEDICAL
CENTER LLC**

By: /s/ Michael A. Wiechart
Name: Michael A. Wiechart
Title: Chief Executive Officer and President

**WILLAMETTE VALLEY MEDICAL
CENTER, LLC**

By: /s/ Michael A. Wiechart
Name: Michael A. Wiechart
Title: Chief Executive Officer and President

[Sublease]

Exhibit A-1

Oklahoma Owned Land

Exhibit A-2

Oregon Land

Exhibit A-3

South Carolina Land

Exhibit A-4

Oklahoma Ground Leased Land

Exhibit B-1

Permitted Exceptions – Oklahoma Owned Land

Exhibit B-2

Permitted Exceptions – Oregon Land

Exhibit B-3

Permitted Exceptions – South Carolina Land

Exhibit B-4

Permitted Exceptions – Oklahoma Ground Leased Land

Exhibit C

Lessee Representations and Warranties

Each Facility Lessee hereby represents and warrants to Lessor, jointly and severally, that:

(a) it has full legal right, power and authority to enter into this Lease, to incur the obligations provided for herein, and to execute and deliver the same to Lessor;

(b) this Lease has been duly executed and delivered by such Facility Lessee and constitutes such Facility Lessee's valid and legally binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, and similar laws affecting the enforcement of creditor's rights or contractual obligations generally and, as to enforcement, to general principles of equity, regardless of whether applied in a proceeding at law or in equity;

(c) no approval or consent of any foreign, federal, state, county, local or other governmental or regulatory body, and no approval or consent of any other person is required in connection with the execution and delivery by such Facility Lessee of this Lease or the consummation and performance by such Facility Lessee of the transactions contemplated hereby, except such approvals or consents as shall have been obtained on or prior to the Initial Commencement Date; and

(d) the execution and delivery of this Lease and the obligations created hereby have been duly authorized by all necessary proceedings on the part of such Facility Lessee, and will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under the governing documents of such Facility Lessee, any instrument, contract or other agreement to which it is a party or by or to which such Facility Lessee or any of its assets or properties are bound or subject; or any statute or any regulation, order, judgment or decree of any court or governmental or regulatory body.

Exhibit D

Existing Subleases

Oklahoma Facility:

<u>Landlord Name</u>	<u>Tenant Name</u>	<u>Address of Premises</u>	<u>Lease Agreement</u>
Muskogee Regional Medical Center, LLC	Diagnostic Laboratory of Oklahoma, L.L.C.	3502 West Okmulgee First Floor Muskogee, OK	Lease Agreement for Medical Office dated 01/24/2012
Muskogee Holdings, LLC	Muskogee Regional Medical Center, LLC	300 Rockefeller Dr. Muskogee, OK 74401	Space Lease Proposal dated 05/01/2009
Muskogee Regional Medical Center, LLC	Mahammed Amer Mahayni, M.D.	3502 West Okmulgee First Floor Muskogee, OK K74401	Lease Agreement for Medical Office dated ; Renewal of Agreement or Contract dated 2014; Renewal of Agreement or Contract dated 01/19/2015
Muskogee Holdings, LLC	Muskogee Regional Medical Center, LLC	3204 West Okmulgee Muskogee, OK	Lease Agreement dated 05/07/2009
Muskogee Regional Medical Center, LLC	John V. Tedesco	3506 West Okmulgee Suite 3504 Muskogee, OK 74401	Lease Agreement for Medical Office dated 04/11/2013
Muskogee Regional Medical Center, LLC	Tulsa Paini Consultants, Inc.	3204 West Okmulgee Suite 3204 Muskogee, OK 74401	Lease Agreement for Medical Office dated

Oregon Facility:

<u>Landlord Name</u>	<u>Tenant Name</u>	<u>Address of Premises</u>	<u>Lease Agreement</u>
Willamette Valley Medical Center, LLC	Salem Brain & Spine LLC	254 NE Norton Lane McMinnville, OR 97128	Medical Office License Agreement dated 4/27/2015

South Carolina Facility:

<u>Landlord Name</u>	<u>Tenant Name</u>	<u>Address of Premises</u>	<u>Lease Agreement</u>
Hartsville HMA, LLC	Lifetime Hearing Services, Inc.	696 Medical Park Dr. Part of 2nd Floor Hartsville, SC 29550	Medical Office Building Lease dated 9/1/14

Exhibit E

Subordination of Management Agreement

[Refer to attachment.]

Schedule 1-A

MPT of Hartsville-Capella Hospital, LLC;

MPT of McMinnville-Capella Hospital, LLC; and

MPT of Muskogee-Capella Hospital, LLC;

each a Delaware limited liability company, collectively, jointly and severally, as Lessor.

Schedule 1-B

Hartsville, LLC, a South Carolina limited liability company;

Muskogee Regional Medical Center LLC, a Delaware limited liability company; and

Willamette Valley Medical Center, LLC, a Delaware limited liability company;

collectively, jointly and severally, as Lessee.

Schedule 3.1(a)

Lease Bases

The "Lease Base" for each of the Properties are as follows:

<u>Property</u>	<u>Lease Base</u>
Oklahoma Property	\$ 60,000,000
• Oklahoma Owned Land	\$13,433,000
• Oklahoma Ground Leased Property	\$46,567,000
Oregon Property	\$ 110,000,000
South Carolina Property	\$ 50,000,000

and, in each case, plus all costs and expenses not included in such sum which are incurred or paid in connection with the purchase and lease of each of the Properties, including, but not limited to legal, appraisal, title, survey, environmental, seismic, engineering and other fees and expenses paid in connection with the inspection of the Properties and each Facility, and paid to advisors and brokers (except to the extent such items are paid by the Lessees), and shall include the costs and Capital Additions funded by Lessor (and Lessor's Affiliates) as provided in Sections 10.1 and 10.4 of this Lease with respect to each Property. Notwithstanding any provision hereof, no item shall be included in the Lease Base for purposes of this Lease to the extent that such item is paid separately by Lessees or is subject to a separate loan repayment obligation of Lessees.

Schedule 10.1

Required Capital Addition

Lessor and Lessee agree to work together in good faith to agree upon the description of the work for the Required Capital Addition, the Maximum Funding Amount and the Required Completion Date, as soon as practicable after the Initial Commencement Date and to update this Schedule 10.1 (the "Schedule Update"). The amount of all out-of-pocket expenditures made by Lessee prior to the Schedule Update with respect to the Required Capital Addition (excluding costs for equipment and other non-real estate items), shall be reimbursed to Lessee and included in the applicable Lease Base for such Property, unless otherwise mutually agreed by Lessor and Lessee.

South Carolina Property:

[Description to be added]

Maximum Funding Amount: _____

Required Completion Date: _____

With respect to the Required Capital Addition, the following terms and conditions shall apply:

(a) Lessee agrees to pay or reimburse all of Lessor's reasonable, out-of-pocket costs and expenses paid or incurred in connection with such Required Capital Addition, including the reasonable costs of any construction consultant engaged by Lessor; provided, however, that such costs and expenses may be included in the budget for such Required Capital Addition, subject to the Maximum Funding Amount.

(b) Lessee shall submit to Lessor a draw request in form reasonably acceptable to Lessor not less than twenty (20) days before the date on which Lessee desires a funding.

(c) Lessee shall have the sole right to designate and/or approve the general contractor, developer, architect, construction company, engineer and other parties that will participate in the construction and development of such Required Capital Addition (each a "Third Party Contractor"). Lessee shall control the preparation and negotiation of the definitive agreements with Third Party Contractors but shall not execute any definitive agreements (after the Commencement Date) with such Third Party Contractor's without the giving Lessor a reasonable opportunity to review and comment to such definitive agreements prior to execution.

(d) Lessee shall not authorize or permit any material change, modification, supplement or substitution to any construction contract, architect agreement, the site plan, the plans and specifications (or any working drawings), or the scope of work pursuant to any of the foregoing, without the prior written consent of Lessor, which shall not be unreasonably withheld, conditioned or delayed.

(e) Lessee shall submit to Lessor copies of all approvals, governmental approvals and permits necessary for such Required Capital Addition.

(f) Lessee shall provide Lessor with all other customary documentation for projects similar in cost and scope of such Required Capital Addition, including without limitation, all executed contracts, collateral assignments of construction contracts, lien waivers, and certificates of insurance and insurance policies required under the construction contract for such Required Capital Addition, showing Lessor as named obligee, additional insured and loss payee.

Schedule 40.25

State Specific Provisions

- (a) **Oklahoma:** None.
- (b) **Oregon:** As to the Oregon Property, with respect to the exercise of any purchase option provided to Lessee under this Lease, including, without limitation, under Articles XIV, XV and XXXIV, Lessor and Lessee acknowledge the following statutory warning for the State of Oregon:

ORS 93.040 WARNING: BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSONS RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

- (c) **South Carolina:** None

JOINDER AND AMENDMENT TO MASTER LEASE AGREEMENT
(Master Sublease)

THIS JOINDER AND AMENDMENT TO MASTER LEASE AGREEMENT is dated this 30th day of October, 2015 (this "Amendment"), by and among certain affiliates of MPT Development Services, Inc., as further described on the signature pages hereto (collectively, jointly and severally, "Lessor"), and certain affiliates of Capella Holdings, Inc., a Delaware corporation ("Capella Holdings"), as further described on the signature pages hereto (collectively, jointly and severally, "Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee (without regard for the joinders under this Amendment) are parties to that certain Master Lease Agreement, dated as of August 31, 2015 (as the same may be modified, amended or restated from time to time, the "Master Sublease"), pursuant to which Lessor subleases to Lessee certain real property and improvements (including improvements consisting of multiple healthcare facilities), as more particularly described in the Lease.

WHEREAS, Kershaw Hospital, LLC, a South Carolina limited liability company ("Kershaw Lessee"), and KershawHealth, a South Carolina special purpose district ("Kershaw Seller"), are parties to that certain Asset Purchase Agreement, dated as of September 25, 2015 (the "Underlying Acquisition Agreement").

WHEREAS, pursuant to the Underlying Acquisition Agreement, Kershaw Lessee has agreed to (i) purchase from the Kershaw Seller certain parcels of improved and unimproved real property located in Kershaw County and Lancaster County, South Carolina, the legal descriptions of which are set forth on Exhibit A-5 attached hereto, including all hereditaments, easements, rights of way and other appurtenances related thereto (collectively, the "Kershaw Owned Land"), and all buildings, improvements and fixtures located thereon (the Kershaw Owned Land and such improvements being referred to herein, collectively, as the "Kershaw Owned Property"), and (ii) to lease from Kershaw Seller certain real property and improvements located at (a) 1315 Roberts Street, Camden, Kershaw County, South Carolina, commonly known as KershawHealth Medical Center and (b) 40 Pinnacle Parkway and 52 Pinnacle Parkway, Elgin, Kershaw County, South Carolina, commonly known as KershawHealth Primary Care (Elgin), KershawHealth Outpatient Center at Elgin, and KershawHealth Urgent Care at Elgin, all as more particularly set forth on Exhibit A-6 attached hereto (collectively, the "Kershaw Leased Property" and together with the Kershaw Owned Property, the "Kershaw Property").

WHEREAS, Capella Holdings, Capella Health Holdings, LLC, a Delaware limited liability company ("Capella JV"), Kershaw Lessee, Kershaw Clinics, LLC ("Kershaw Clinics") and Kershaw Anesthesia, LLC ("Kershaw Anesthesia"), each a South Carolina limited liability company, MPT of Kershaw-Capella, LLC ("MPT Kershaw Owner") and MPT of Kershaw-Capella Hospital, LLC ("Kershaw Lessor"), each a Delaware limited liability company, are parties to that certain Kershaw Master Agreement, dated as of the date hereof (the "Kershaw Master Agreement"), pursuant to which (a) Kershaw Lessee has assigned to MPT Kershaw Owner its rights to acquire the Kershaw Owned Property directly from Kershaw Seller and (b) Kershaw Lessee has agreed to assign to MPT Kershaw Owner its rights, title, and interest under

that certain Lease Agreement, dated as of the date hereof (as amended, modified or restated from time to time, the "Kershaw Medical Center Lease"), pursuant to which Kershaw Seller is leasing the Kershaw Leased Property to Kershaw Lessee.

WHEREAS, in accordance with the Kershaw Master Agreement, MPT Kershaw Owner (a) acquired the Kershaw Owned Property from Kershaw Seller and (b) assumed all of Kershaw Lessee's right, title and interest under the Kershaw Medical Center Lease pursuant to that certain Assignment and Assumption dated as of the date hereof (collectively, the "Kershaw Transaction").

WHEREAS, in connection with the Kershaw Transaction, MPT Kershaw has made a term loan to Kershaw Lessee, Kershaw Clinics, and Kershaw Anesthesia, on a joint and several basis, in the original principal amount of Nine Million One Hundred Ninety-Nine Thousand Three Hundred and No/100 Dollars (\$9,199,300.00), as evidenced by that certain Promissory Note, dated as of the date hereof (as amended, modified or restated from time to time, the "Kershaw Acquisition Note").

WHEREAS, MPT Kershaw Owner and Kershaw Lessor have joined and become parties to that certain Master Lease Agreement, dated as of August 31, 2015 (as the same has been or may be modified, amended or restated from time to time, the "Master Lease"), which has been amended contemporaneously herewith to provide, among other things, that (a) the Kershaw Property is subject to the Master Lease, and (b) MPT Kershaw Owner is leasing the Kershaw Owned Property and subleasing the Kershaw Leased Property to Kershaw Lessor in accordance therewith.

WHEREAS, the parties desire to amend the Master Sublease to provide, among other things, (a) that the Kershaw Property is subject to the Master Sublease, (b) that Kershaw Lessor and Kershaw Lessee are joined as lessor and lessee thereunder, respectively, (c) that Kershaw Lessor is subleasing the Kershaw Property to Kershaw Lessee in accordance therewith, and (d) for certain other amendments and modifications as hereinafter set forth.

NOW, THEREFORE, in consideration of mutual covenants, conditions and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

1. **Capitalized Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings ascribed thereto in the Master Sublease.
2. **Amendments.** Notwithstanding any provisions of the Master Sublease to the contrary, effective immediately, the parties hereby amend the Master Sublease as follows:

(a) Joinders and Additions.

(i) **Lessor.** Kershaw Lessor is joined and added as a "Lessor" under the Master Sublease. "Schedule 1-A" of the Master Sublease is hereby deleted in its entirety and replaced with **Schedule 1-A** attached hereto.

(ii) Lessee. Kershaw Lessee is joined and added as a “Lessee” under the Master Sublease. “Schedule 1-B” of the Master Sublease is hereby deleted in its entirety and replaced with the **Schedule 1-B** attached hereto.

(iii) Owned Property. A new “Exhibit A-5” is added to the Master Sublease entitled “Kershaw Owned Land” in the form attached as **Exhibit A-5** to this Amendment.

(iv) Leased Property. A new “Exhibit A-6” is added to the Master Sublease entitled “Kershaw Leased Land” in the form attached as **Exhibit A-6** to this Amendment.

(v) Permitted Exceptions (Owned). A new “Exhibit B-5” is added to the Master Sublease entitled “Permitted Exceptions –Kershaw Owned Land” in the form attached as **Exhibit B-5** attached to this Amendment.

(vi) Permitted Exceptions (Leased). A new “Exhibit B-6” is added to the Master Sublease entitled “Permitted Exceptions –Kershaw Leased Land” in the form attached as **Exhibit B-6** attached to this Amendment.

(vii) Facilities. A new “Exhibit F” is added to the Master Sublease entitled “Kershaw Facilities” in the form attached as **Exhibit F** attached to this Amendment.

(viii) Lease Base. “Schedule 3.1(a)” of the Master Sublease is deleted in its entirety and replaced with **Schedule 3.1(a)** attached hereto.

(b) Definitions.

(i) New Defined Terms. Article I is amended to add the following as new defined terms and definitions under the Master Sublease:

Elgin Center: Collectively, the outpatient services center, primary care facility and urgent care facility located at 40 Pinnacle Parkway and 52 Pinnacle Parkway, Elgin, Kershaw County, South Carolina, commonly known as KershawHealth Primary Care (Elgin), KershawHealth Outpatient Center at Elgin, and KershawHealth Urgent Care at Elgin which are operated at the Kershaw Leased Property.

Elgin Center Amount: As defined in Section 9.2(a).

Kershaw Acquisition Note: That certain Promissory Note, dated as of October 30, 2015, made by Kershaw Lessee, Kershaw Clinics, LLC and Kershaw Anesthesia, LLC, jointly and severally, in favor of Kershaw Lessor, as the same may be amended, modified or restated from time.

Kershaw Facility: The healthcare facilities or operations listed on **Exhibit F** attached hereto.

Kershaw Land: Collectively, the Kershaw Owned Land and the Kershaw Leased Land.

Kershaw Lease Rent: As defined in Section 3.4.

Kershaw Leased Land: That certain real property located in Camden, Kershaw County, South Carolina as more particularly described on Exhibit A-6 attached hereto and made a part hereof by reference and incorporation, together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto.

Kershaw Leased Property: The Kershaw Leased Land and related Leased Improvements located thereon relating to the Kershaw Medical Center and the Elgin Center.

Kershaw Lessee: Kershaw Hospital, LLC, a South Carolina limited liability company, together with its successors and permitted assigns.

Kershaw Lessor: MPT of Kershaw-Capella Hospital, LLC, a Delaware limited liability company.

Kershaw Master Agreement: That certain Kershaw Master Agreement, dated as of October 30, 2015 by and among Capella Holdings, Capella JV, Kershaw Lessee, Kershaw Clinics, Kershaw Anesthesia, MPT Kershaw Owner, and Kershaw Lessor, as modified, amended, or restated from time to time.

Kershaw Medical Center: That certain One Hundred Twenty-One (121)-licensed bed general acute care hospital facility operated at the Kershaw Leased Land, commonly known as KershawHealth Medical Center.

Kershaw Medical Center Lease: That certain Lease Agreement, dated as of October 30, 2015, between Kershaw Seller and MPT of Kershaw-Capella, LLC, a Delaware limited liability company, relating to the Kershaw Medical Center, as modified, amended or restated from time to time.

Kershaw Owned Land: That certain real property located in Kershaw County, South Carolina and Lancaster County, South Carolina as more particularly described on Exhibit A-5 attached hereto and made a part hereof by reference and incorporation, together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto.

Kershaw Property: The Kershaw Land and related Leased Improvements located thereon relating to the Kershaw Facility.

Kershaw Seller: KershawHealth, a South Carolina special purpose district.

(ii) Restated Defined Terms. Article I is amended to restate in its entirety each of the following defined terms and definitions:

Facility: Each of the Oklahoma Facility, the Oregon Facility, the South Carolina Facility and the Kershaw Facility, sometimes collectively referred to as the "Facilities."

Facility Lessee: The Oklahoma Lessee, with respect to the Oklahoma Property, the Oregon Lessee, with respect to the Oregon Property, the South Carolina Lessee, with respect to the South Carolina Property, the Kershaw Lessee, with respect to the Kershaw Property, and the Lessee party thereto, with respect to any New Property.

Facility Lessor: The Oklahoma Lessor, with respect to the Oklahoma Property, the Oregon Lessor, with respect to the Oregon Property, the South Carolina Lessor, with respect to the South Carolina Property, the Kershaw Lessor, with respect to the Kershaw Property, and the Lessor party thereto, with respect to any New Property.

Land: The Oklahoma Land, the Oregon Land, the South Carolina Land and the Kershaw Land, each together with all hereditaments, easements, mineral rights, rights of way and other appurtenances related thereto, and any other parcel of land acquired or leased and made subject to this Lease.

MPT Real Estate Owner: Collectively, MPT of Hartsville-Capella, LLC, MPT of McMinnville-Capella, LLC, MPT of Muskogee-Capella, LLC and MPT of Kershaw-Capella, LLC, each a Delaware limited liability company.

Obligation Documents: Individually and collectively, this Lease, the Mortgage Loan Documents, the Acquisition Note, the Kershaw Acquisition Note, the Kershaw Master Agreement, the Affiliate Separate Leases, the Guaranty, the Pledge Agreement, the Environmental Indemnification Agreements, the Security Agreement, the Non-Competition Agreements, the Subordination of Management Agreement and the Collateral Assignment, as any of the same may be modified, amended or restated from time to time.

Rent: Collectively, the Base Rent (as increased in accordance with the provisions of Section 3.1(b)), the Oklahoma Ground Lease Rent, the Kershaw Lease Rent, and the Additional Charges.

(c) Other Amendments.

(i) Leased Property. The last paragraph of Article II is amended and restated as follows:

Notwithstanding the foregoing, this Lease is expressly made subject to the terms and conditions of the Master Lease, the Oklahoma Ground Lease and the Kershaw Medical Center Lease, copies of which have been provided to Lessee prior to the execution hereof. MPT Real Estate Owner has acknowledged and consented to the terms and provisions of this Lease and Lessee's rights as sublessee of the Leased Property, including, without limitation, Lessee's options to purchase the Leased Property as provided herein. MPT Real Estate Owner has further agreed to cooperate with Lessor and Lessee and to perform such acts and

execute such agreements and instruments as shall be necessary to effect the terms and provisions of this Lease, and to comply with all requirements and perform all obligations pursuant to the Master Lease. Notwithstanding anything to the contrary contained in this Lease, if (a) during (i) the final Extension Term of this Lease, the Oklahoma Ground Lease expires by its terms, or (ii) during the Term, the Kershaw Medical Center Lease expires by its terms, in either case, without Lessor or Lessee being able to negotiate an extension of the respective terms thereof acceptable to the parties, or (b) Lessor rejects the Oklahoma Ground Lease or the Kershaw Medical Center Lease in a bankruptcy proceeding, the Base Rent shall be reduced in accordance with Section 5.2. To the extent either the Oklahoma Ground Lease or the Kershaw Medical Center Lease have any renewal options that cover a period during the Term, Lessee and Lessor agree that Lessor shall exercise such renewal options.

(ii) Kershaw Lease Rent. Article III is amended to add the following as new Section 3.4 thereof:

3.4 Rent and Payments under the Kershaw Medical Center Lease. Lessee shall pay all rent and all other charges and amounts due and payable under the Kershaw Medical Center Lease (collectively, the “Kershaw Lease Rent”) during the Term directly to the “Landlord” thereunder as and when the same becomes due and payable as required under the Kershaw Medical Center Lease, and Lessee shall provide Lessor with reasonable evidence of payment each month confirming that the Kershaw Lease Rent has been timely paid.

(iii) Ownership of Leased Property. Section 6.1 is amended and restated in its entirety as follows:

6.1 Ownership of the Leased Property. Lessee acknowledges that the Leased Property is the property of MPT Real Estate Owner (except that the Leased Improvements located on the Oklahoma Ground Leased Land and the Kershaw Leased Land will revert to the “Landlord” under the Oklahoma Ground Lease and the Kershaw Medical Center Lease, respectively, upon the expiration of the Oklahoma Ground Lease and the Kershaw Medical Center Lease, respectively), that MPT Real Estate Owner has leased the Leased Property to Lessor and that Lessee has only the right to the possession and use of the Leased Property as a sublessee of Lessor and upon and subject to the terms, provisions and conditions of this Lease, the Master Lease, the Oklahoma Ground Lease, the Kershaw Medical Center Lease and the Existing Subleases.

(iv) **Primary Intended Use.** For purposes of **Section 7.2** and establishing the Primary Intended Use of the Kershaw Property, (a) the portion of the Kershaw Leased Property on which the Kershaw Medical Center is located shall be used and operated as a general acute care hospital, (b) the portion of the Kershaw Leased Property on which the Elgin Center is located shall be used and operated as an outpatient services center, primary care facility and urgent care center, (c) all other portions of the Kershaw Property (excluding those described in clauses (a) and (b) above) shall be used and operated for commercial uses consistent with the current uses as of the Commencement Date for the Kershaw Property, and, in each case, for such other legal ancillary uses as may be necessary in connection with or incidental to such uses and, in each case, subject to all covenants, restrictions, easements, and all other matters of record (including those set forth in the Permitted Exceptions).

(v) **Granting Easements.** **Section 7.3** is amended and restated in its entirety as follows:

7.3 Lessor to Grant Easements. From time to time during the Term, upon the request of Lessee, and so long as no Event of Default then exists, and no event has then occurred which with the giving of notice or the passage of time or both would constitute such an Event of Default, Lessor may, in its reasonable discretion, subject to the terms of the Master Lease, the Oklahoma Ground Lease (if applicable) and the Kershaw Medical Center Lease (if applicable), and at Lessee's cost and expense, (a) grant easements and other rights in the nature of easements, (b) release existing easements or other rights in the nature of easements which are for the benefit of the Leased Property or any portion thereof; (c) dedicate or transfer unimproved portions of the Leased Property for road, highway or other public purposes; (d) execute petitions to have the Leased Property or any portion thereof annexed to any municipal corporation or utility district; (e) execute amendments to any covenants and restrictions affecting the Leased Property or any portion thereof; and (f) execute and deliver to any person any instrument appropriate to confirm or effect such grants, releases, dedications and transfers (to the extent of its interest in the Leased Property), but only upon delivery to Lessor of such information as Lessor may reasonably require confirming that such grant, release, dedication, transfer, petition or amendment is required for, and not materially detrimental to, the proper conduct of the Primary Intended Use on the Leased Property and does not reduce the value of the Leased Property or any portion thereof.

(vi) **Reserves.** **Section 9.2(a)** and **(b)** are amended and restated in their entirety as follows:

(a) Beginning on the Initial Commencement Date and on each Reserve Payment Date thereafter during the Term, Lessee shall deliver to Lessor quarterly deposits with respect to each Facility in an amount equal to (x) the product of (i) One Thousand and

No/100 Dollars (\$1,000.00) (the "Dollar Amount"), multiplied by (ii) the number of beds placed in service or use at each such Facility as of the most recent Adjustment Date, multiplied by (iii) 0.25, plus (y) \$5,200 (the "Elgin Center Amount") (the sum of the amounts in clauses (x) and (y), the "Reserve"); provided, that the first such deposit on the Initial Commencement Date shall be for the period from the Initial Commencement Date through October 1, 2015 and shall be prorated based on a three hundred sixty (360) day year. The aggregate amount of the Reserve shall not exceed an amount equal to twelve (12) times the amount that was required to be paid on the most recent Adjustment Date (the "Reserve Cap") (and installments otherwise required under this Section 9.2(a) shall be reduced to the extent that the amount thereof plus the amount of the Reserve held by Lessor on the applicable Reserve Payment Date exceeds the Reserve Cap). For payments prior to the first Adjustment Date, the number of beds in service or in use at each such Facility shall be assumed to be the following: for the Oregon Facility, eighty-eight (88), for the Oklahoma Facility, three hundred twenty (320), for the South Carolina Facility, one hundred sixteen (116), and for the Kershaw Facility, one hundred twenty-one (121), with the total beds placed in service or in use at all of the Facilities as of the Initial Commencement Date being six hundred forty-five (645). On each Adjustment Date after the Initial Commencement Date, the number of beds shall be determined by the actual number of beds placed in service or certified to be available for use in connection with such Facilities as of such Adjustment Date, which shall not be reduced without the prior written consent of Lessor.

(b) The Reserve shall be held by Lessor in an interest bearing account for the purpose of making Major Repairs to the applicable portions of the Leased Property. Lessor shall advance to or reimburse Lessee for Major Repairs, limited to the amount of the Reserve, upon Lessor's receipt from Lessee of documentation of such costs that is sufficient in Lessor's reasonable judgment. Beginning on January 1, 2017 and on each Adjustment Date thereafter during the Term, the applicable Dollar Amount and the Elgin Center Amount shall be increased by the greater of (i) Two Percent (2.0%) of the prior year's applicable Dollar Amount or Elgin Center Amount, and (ii) the percentage by which the CPI published for the month of October prior to the applicable Adjustment Date shall have increased over the CPI figure published for the month of October prior to the previous Adjustment Date (the CPI figure published for the month of October 2015 shall be used in connection with the recalculation on January 1, 2017); provided, however, that in no event shall such increase be more than Four Percent (4.0%) on any Adjustment Date. The amounts in the Reserve shall be used as described above to pay for Major Repairs, or, in the event Lessee fails to make any required non-Major Repairs hereunder, Lessor may use funds in the Reserve for that purpose.

(vii) Insurance. Article XIII is amended to add the following as new Section 13.9 thereof:

13.9 **Insurance Required under Kershaw Medical Center Lease**. Lessee shall obtain and maintain all insurance required to be maintained by the tenant pursuant to the Kershaw Medical Center Lease and provide Lessor with evidence of same.

(viii) Events of Default. Section 16.1 is hereby amended to add the following as new subsection (m) thereof:

(m) if any default or event of default shall occur under the Kershaw Medical Center Lease which is not waived in writing or cured within the applicable cure period as provided therein.

(ix) Indemnification. Article XXII is amended to add the following subsections (L) and (M) to the end of the first sentence thereof:

(L) ANY FAILURE ON THE PART OF LESSEE TO PERFORM OR COMPLY WITH ANY OF THE TERMS OF THE KERSHAW MEDICAL CENTER LEASE AS REQUIRED UNDER THE TERMS OF THIS LEASE, AND (M) ANY REVERSION OF THE APPLICABLE LEASED IMPROVEMENTS UNDER KERSHAW MEDICAL CENTER LEASE TO THE "LANDLORD" THEREUNDER DURING THE FIXED TERM OR DURING ANY EXTENSION TERM EXERCISED HEREUNDER BY LESSEE.

(x) Covenants, Restrictions, etc. Section 40.7 is amended such that the rights described in Section 40.7 are subject to the terms of the Kershaw Medical Center Lease (as applicable).

(xi) Article XL is amended to add the following as a new Section 40.27 thereof:

40.27 Kershaw Medical Center Lease. MPT Real Estate Owner has subleased the Kershaw Leased Property to the Kershaw Lessor and the Kershaw Lessor hereby subleases the Kershaw Leased Property to Lessee subject to the terms of the Kershaw Medical Center Lease and solely for the purpose of using the Kershaw Leased Property in connection with the operation of the Kershaw Facility located thereon. Lessee shall perform and fulfill all of Lessor's obligations and responsibilities under the Kershaw

Medical Center Lease from and after the date hereof and Lessee accepts, assumes and agrees to comply with, perform and observe all of the terms, conditions, provisions, limitations and obligations contained in the Kershaw Medical Center Lease to be performed on the part of Lessor as lessee therein, including the payment of rent required under the Kershaw Medical Center Lease. Lessor and Lessee acknowledge and agree that in the event this Lease is terminated or canceled for any reason (i) the Kershaw Medical Center Lease and all right, title and interest thereunder shall automatically revert to Lessor pursuant to the Master Lease (provided, however, in the event Lessee has failed to perform and pay all obligations under the Kershaw Medical Center Lease, Lessee shall indemnify and hold Lessor harmless for all such obligations as provided in Article XXII hereof), and (ii) Lessee shall, immediately upon request by Lessor, sign, acknowledge, provide and deliver to Lessor any and all documents, instruments or other writings (all in recordable form) which are or may become necessary, proper and/or advisable to cause the Kershaw Medical Center Lease to revert to Lessor as provided herein. Lessee shall not, without Lessor's prior written consent, which consent may be granted or denied in Lessor's sole discretion (i) assign, transfer or convey any interest, right or obligation in, to or under the Kershaw Medical Center Lease, (ii) sublease any portion of the Kershaw Leased Property, (iii) terminate, modify, amend, restate or change in any way the Kershaw Medical Center Lease, or (iv) exercise any option to purchase the Kershaw Leased Property. Lessee agrees that it will promptly upon receipt forward to Lessor copies of all notices, requests, demands and other correspondence and documents directed to and/or received from the Kershaw Seller.

3. **Representations and Warranties.** Each of the parties to this Amendment hereby represent and warrant to the other parties to this Amendment that (a) the execution and delivery of this Amendment and the obligations created hereby have been duly authorized by all necessary proceedings on its part, (b) it has full legal right, power and authority to enter into this Amendment and to incur the obligations provided for herein, (c) this Amendment constitutes its valid and legally binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, and similar laws affecting the enforcement of creditor's rights or contractual obligations generally and, as to enforcement, to general principles of equity, regardless of whether applied in a proceeding at law or in equity; and (d) no approval or consent of any foreign, federal, state, county, local or other governmental or regulatory body, and no approval or consent of any other person is required in connection with its execution and delivery of this Amendment or its consummation and performance of the transactions contemplated hereby.

4. **Binding Effect.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

5. **Ratification.** Except as expressly amended hereby, the parties hereby confirm and ratify the Lease in all respects.

6. **Necessary Action.** Each party shall perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Amendment.

7. **Joint Drafting.** The parties hereto and their respective counsel have participated in the drafting and redrafting of this Amendment and the general rules of construction which would construe any provisions of this Amendment in favor of or to the advantage of one party as opposed to the other as a result of one party drafting this Amendment as opposed to the other or in resolving any conflict or ambiguity in favor of one party as opposed to the other on the basis of which party drafted this Amendment are hereby expressly waived by all parties to this Amendment.

8. **Governing Law.** All issues and questions concerning the construction, validity, interpretation and enforceability of this Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

9. **Entire Agreement; Modification.** This Amendment, including the exhibits attached hereto, and other written agreements executed and delivered in connection herewith by the parties, shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment, unless the severance of such provision would be in opposition to the parties' intent with respect to such provision.

10. **Counterparts.** This Amendment may be executed in multiple counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together shall constitute one and the same instrument.

[Intentionally left blank.]

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have executed or caused their duly authorized representatives to execute this Amendment as of the date first above written.

LESSOR:

**MPT OF HARTSVILLE-CAPELLA HOSPITAL, LLC
MPT OF MCMINNVILLE-CAPELLA HOSPITAL, LLC
MPT OF MUSKOGEE-CAPELLA HOSPITAL, LLC
MPT OF KERSHAW-CAPELLA HOSPITAL, LLC**

By: MPT Development Services, Inc.
Its: Sole Member of each above-referenced entity

By: /s/ Emmett E. McLean
Name: Emmett E. McLean
Title: Executive Vice President and COO

[Signature page 1 of 2 to First Amendment to Master Lease]

LESSEE:

HARTSVILLE, LLC

By: Carolina Pines Holdings, LLC
Its: Managing Member

By: /s/ Michael A. Wiechart
Name: Michael A. Wiechart
Title: Chief Executive Officer and President

MUSKOGEE REGIONAL MEDICAL CENTER LLC

By: /s/ Michael A. Wiechart
Name: Michael A. Wiechart
Title: Chief Executive Officer and President

WILLAMETTE VALLEY MEDICAL CENTER, LLC

By: /s/ Michael A. Wiechart
Name: Michael A. Wiechart
Title: Chief Executive Officer and President

KERSHAW HOSPITAL, LLC

By: /s/ Michael A. Wiechart
Name: Michael A. Wiechart
Title: Chief Executive Officer and President

[Signature page 2 of 2 to First Amendment to Master Lease]

Legal Description – Kershaw Owned Land

Parcel 1 (Main Hospital Campus) (LEASEHOLD ESTATE): (1315 Roberts Street and 1209 Dubose Court)

All that certain piece, parcel or tract of land lying and being situated in the State of South Carolina, County of Kershaw, in the City of Camden, fronting the Southeast side of Haile Street and the Southwest side of Roberts Street and the Northwest side of Dubose Court and being more particularly described as follows:

Beginning at an iron pin at the intersection of Roberts Street and Haile Street on the edge of the Southern right of way of Roberts Street and the Eastern right of way of Haile Street and running with the southern right of way of Roberts Street for two (2) calls to wit: South 39 degrees 15 minutes 58 seconds East for a distance of 363.71 feet to a calculated point; thence a non radial curve to the right with a chord bearing and distance of South 24 degrees 16 minutes 12 seconds East, 676.10 feet (Radius 12265.08; Arc Length 684.38') to a PK Nail; thence leaving said right of way and running South 52 degrees 01 minutes 25 seconds West for a distance of 253.65 feet to found iron pipe; thence South 37 degrees 30 minutes 57 seconds East to a calculated point on the western right of way of DuBose Court, passing an iron pin at 71.86 feet; thence running with said right of way for six (6) courses to wit; South 35 degrees 02 minutes 05 seconds West for a distance of 37.12 feet to a drill hole; thence South 22 degrees 54 minutes 06 seconds West for a distance of 182.48 feet to a calculated point; thence South 29 degrees 55 minutes 51 seconds West for a distance of 145.38 feet to an iron pin; thence South 22 degrees 54 minutes 19 seconds West for a distance of 109.13 feet to and iron pin; thence South 21 degrees 33 minutes 01 seconds West for a distance of 151.87 feet to an iron pin; thence South 08 degrees 26 minutes 21 seconds West for a distance of 91.60 feet to an iron pin; thence leaving the right of way of DuBose Court and running North 87 degrees 59 minutes 55 seconds West for a distance of 117.96 feet to a calculated point in the creek; thence running with the creek for five (5) courses to wit: North 03 degrees 50 minutes 57 seconds East for a distance of 294.04 feet to a calculated point; thence North 01 degrees 15 minutes 22 seconds West for a distance of 457.51 feet to a calculated point; thence North 32 degrees 40 minutes 34 seconds West for a distance of 107.76 feet to a calculated point; thence North 28 degrees 07 minutes 30 seconds West for a distance of 493.76 feet to a calculated point; thence North 21 degrees 03 minutes 32 seconds West for a distance of 201.00 feet to a calculated point in the creek on the Eastern right of way of Haile Street; thence with the eastern right of way of said street for three (3) course to wit: North 54 degrees 10 minutes 34 seconds East for a distance of 121.65 feet to a calculated point; thence a non radial curve to the left with a chord bearing and distance of North 52 degrees 03 minutes 00 seconds East 331.80 feet (Radius 6677.00; Arc Length 331.83') to a calculated point; thence North 50 degrees 15 minutes 11 seconds East for a distance of 42.96 feet to the Point of Beginning. Property contains 16.86 acres more or less.

Parcel 2 (Elgin Campus) (LEASEHOLD ESTATE): (40 Pinnacle Parkway, Elgin)

All that piece or parcel of land, lying in the Town of Elgin, Kershaw County, State of South Carolina fronting on Executive Drive, Pinnacle Parkway and Whiting Way and more particularly described as follows:

Beginning at an iron pin in the intersection of Executive Drive and Whiting Way and running with Whiting Way on a non-radial curve to the left with a chord bearing of S72°47'20"W for 710.09 feet (R=1006.08 feet; L=725.73 feet) to an iron pin set; thence leaving Whiting Way and running with property of Outpost Rood Mart Inc. for two courses to-wit: N01°44'50"W for 434.75 feet to a blazed tree; thence N15°51'27"E for 238.52 feet to an iron pin found with cap; thence running with second parcel (52 Pinnacle Parkway) N53°53'41"E for 418.88 feet to an iron pin found; thence running with Camden Bone and Joint LLC for two courses to-wit: N53°54'36"E for 133.44 feet to a nail in a stump; thence S47°51'06"E for 44.02 feet to a found iron pin on the western right of way of Pinnacle Parkway; thence with Pinnacle Parkway a non-radial curve to the left with a chord bearing of S24°35'46"E for 412.28 feet (R=247.00 feet; L=487.76 feet) to a found iron pin at the intersection of Pinnacle Parkway and Executive Drive; thence with Executive Drive S03°40'51"W for 375.69 feet to the Point of Beginning.

Contains 9.70 acres more or less.

(52 Pinnacle Parkway, Elgin)

All that piece or parcel of land lying in the Town of Elgin, Kershaw County, State of South Carolina and fronting on Pinnacle Parkway and more particularly described as follows:

Beginning on the northern right of way of Pinnacle Parkway at the eastern corner of property of Camden Bone and Joint LLC; thence leaving Pinnacle Parkway and running with property of Camden Bone & Joint for three courses to-wit: N47°37'36"W for 275.09 feet to an found iron pin; thence S51°18'24"W for 140.52 feet to an iron pin found; thence S36°05'50"E for 234.93 feet to a found iron pin in the property line of Parcel 1 (40 Pinnacle Parkway); thence with Parcel 1 S53°53'41"W for 418.88 feet to a found iron pin with cap; thence running with property of Outpost Food Mart, Inc. S49°43'13"W for 366.81 feet to a found iron pin; thence running with property of Coldbranch Partnership N40°20'21"W for 157.43 feet to an iron pin found on the eastern right of way of a proposed road; thence with eastern right of way of proposed road for 7 courses to-wit: a non-radial curve to the left with a chord bearing of N23°12'32"E for 57.16 feet (R=283.00 feet; L=57.30 feet) to a found iron pin; thence N17°26'34"E for 457.09 feet (passing a found iron pin at 149.93 feet) to a found iron pin; thence a curve to the right with a chord bearing of N38°06'25"E for 248.00 feet (R=342.00 feet; L=246.28 feet) (passing found iron pins at 61.63 feet, 123.07 feet, 184.49 feet) to a found iron pin; thence N58°47'27"E for 292.02 feet (passing iron pins at 146.01 feet and 156.65 feet) to a found iron pin; thence a non-radial curve to the right with a chord bearing of S84°38'27"E for 199.64 feet (R=167.00 feet; L=213.98 feet) (passing found iron pins at 53.19 feet, 106.50 feet and 159.91 feet) to a found iron pin; thence S47°40'04"E for 340.86 feet to a point (passing found iron pin at 300.72 feet) on the western right of way of Pinnacle Parkway; thence with Pinnacle Parkway S42°22'07"W for 169.32 feet to the Point of Beginning.

Contains 9.45 acres more or less.

Parcel 3: (1165 Highway South)

All that piece, parcel or tract of land lying, being and situate in the City of Luguff, Kershaw County, State of South Carolina being more particularly described as follows:

Beginning at a point on the centerline of U.S. Highway 1 South; thence from said Point of Beginning with said centerline N66-38-25E for 1222.55 feet to a point; thence turning with the Kornegay Funeral Home line S01-55-30E for 64.87 feet to a found crimp tp pipe; thence with the Camden Elks Lodge line the following two (2) courses to wit: S02-06-15E for 64.87 feet to a found concrete monument; (2) S01-57-31E for 201.87 feet to a found iron pipe; thence with the Victor Ward Estate line the following two (2) courses to wit: (1) S01-57-00E for 173.14 feet to a found crimp top pipe; (2) S03-16-17E for 467.66 feet to a found iron pipe; thence with the Eubanks line the following two (2) courses to wit: (1) S63-37-55W for 187.36 feet to a found jack shaft; (2) S64-03-06W for 86.36 feet to a set iron pin; thence with the Rabon line N49-49-02W for 1213.10 feet to the Point of Beginning.

Also described as follows:

Parcel 1:

All that piece, parcel or tract of land lying, being and situate in the State of South Carolina, County of Kershaw, and in the Lugoff area of Wateree Township, containing 15.77 acres, as shown on the plat hereinafter referred to, and being bounded generally North by US Highway #1; East by Kornegay Funeral Home, The Camden Elks Lodge, property now of formerly of Victor Ward Estate and by Tract "B", property of Jessie Phillip Jackson, Jr. being simultaneously conveyed to Kershaw County Medical Center; South by Tract "B", being conveyed to Kershaw County Medical Center and by property now or formerly of Linda Eubanks, et al; Southwest by property now or formerly of Mitchell D. Rabon and by property now or formerly of M.F. McFarland, III; and, West by property now or formerly of Mitchell D. Rabon.

The above described property is more particularly shown as Tract "A" on that plat prepared for Kershaw County Medical Center by J. Henry Walker, III, P.L.S., dated July 3, 1995 and revised July 11, 1995 and recorded in the Office of the Clerk of Court for Kershaw County in Plat Book A-29 at Page 1.

Parcel 2:

All that piece, parcel or tract of land lying, being situate in the State of South Carolina, County of Kershaw, and in the Lugoff area of Wateree Township, containing 1.99 acres, more or less, as shown on the plat hereinafter referred to, (previously called 2.04 acres) and being bounded generally North and West by property of the Sallie R. Jones Testamentary Trust being simultaneously conveyed to Kershaw County Medical Center; East by property now or formerly of Victor Ward Estate; and, South by property now or formerly of Linda Eubanks, et al.

Also, such rights of ingress and egress as the grantor may have over and upon a dirt road in the approximate location shown on plat herein referred to or over the Jones Estate property.

The above described property is more particularly shown as Tract "B" on that plat prepared for Kershaw County Medical Center by J. Henry Walker, III, P.L.S., dated July 3, 1995, revised July 11, 1995 and recorded in the Office of the Clerk of Court for Kershaw County in Plat Book A-29 at Page 1.

Parcel 4: (1218 Roberts Street)

Parcel 6

All that piece, parcel or lot of land, with improvements thereon, lying and being and situate in the State of South Carolina, County of Kershaw, City of Camden, at the southeast intersection of Roberts Street and Villepigue Street, containing 0.47 acres, more or less, and being more particularly shown as Lot 9, Block 7, Overbrook Subdivision, on that plat prepared by Thomas W. Broadway, Jr., RLS, dated September 24, 2007 and recorded in the Office of the Register of Deeds for Kershaw County in Plat Book C25 at Page 4A.

Parcel 5: (1215 Gardner Street)

Parcel 7

All that parcel or lot of land, with improvements thereon, lying and being and situate in the State of South Carolina, County of Kershaw, lying at the Southwest intersection of Villepigue and Gardner Streets and fronting on the South side of Villepigue Street for a distance of One Hundred Seventy-five (175) feet and running back southwardly therefrom for a distance of One Hundred Forty-one and 8/10 (141.8) feet on its Eastern boundary and One Hundred Twenty-nine and 4/10 (129.4) feet on its Western boundary, and measuring One Hundred Eighty-three and 1/10 (183.1) feet on its Southern boundary and being bounded as follows: North by Villepigue Street; East by Gardner Street; South by Lot #11, as shown on plat hereinafter referred to, property n/f of J. B. McGuirt; and, West by Lot #9, as shown on said Plat, property n/f of J. B. McGuirt.

Parcel 6: (1213 Gardner Street)

Parcel 8

All that certain piece, parcel or lot of land, lying and situate in the State of South Carolina, County of Kershaw, in the City of Camden, fronting on the West side of Gardner Street for a distance of 100 feet and extending back of a uniform width of 100 feet to a depth on its Northern boundary of 183.1 feet, more or less, and to a depth on its Southern boundary of 188.6 feet, more or less, and being bounded generally as follows: North by Lot 10, Block 7; East by Gardner Street; South by Lot 12 Block 7, property now or formerly of Kelley; and, West by Lot 8 Block 7, property now or formerly of Myers.

Parcel 7: (1329 Haile Street)

All that piece, parcel or lot of land, with improvements thereon, situate, lying and being in the City of Camden, County of Kershaw, State of South Carolina, and being shown and designated as Lot #3 on subdivision plat of property of Christie Rodgers dated May 24, 1963, recorded in Plat Book 30 at Page 209, Office of the Clerk of Court for Kershaw County. Said lot fronts Southeastwardly on Haile Street for one hundred (100) feet and runs back therefrom of increasing width to a depth of two hundred seventytwo (272) feet on its Northeast side and a depth of one hundred sixty-nine and 5/10 (169.5) feet on its Southwest side, with width at the rear of Northwestern boundary of one hundred twenty-five (125) feet, and being bounded as follows: Northeast by Lot 4 on said plat; Southeast by Haile Street; Southwest by Lot on said plat; and, Northwest by right of way Southern Railway.

Also described as follows:

All that piece or parcel of land lying on the western side of Haile Street in the City of Camden, Kershaw County, State of South Carolina and being more particularly described as follows:

Beginning at an iron pin set on the western right of way of Haile Street on the eastern corner of Lots 3 and 4 and running with Lot 3 N45°15'00"W for 272.00 feet to an iron pin set on the now or former right of way of Southern Railroad; thence running with said right of way N07°41'50"E for 76.60 feet to an iron pin set; thence running with property of Maples S53°56'11"E for 183.03 feet to an iron pin found; thence running with property of Tetterton S53°06'17"E for 137.50 feet to a point on the western right of way of Haile Street (passing iron pin at 131.70 feet and 1.2 feet left) thence with Haile Street S44°45'00"W for 100.00 feet to the Point of Beginning.

Contains 0.56 acres more or less.

Parcel 8: (1327 Haile Street)

All that piece, parcel or lot of land, with improvements thereon, lying, being and situate in the State of South Carolina, County of Kershaw, City of Camden, on the Northwest side of Haile Street, fronting thereon 100 feet, more or less, and extending back Northwestwardly therefrom with diminishing width to a depth of 321.7 feet, more or less, and being bounded as follows: Northeast by property now or formerly of Watkins and Moore; Southeast by Haile Street; Southwest by Lot 3, as shown on the plat hereinafter referenced; and, Northwest by the right of way of the Southern Railroad.

The above described property is more particularly shown as Lot No. 4 on that plat of property of Christie Rogers, prepared by A.B. Boykin, Surveyor, dated May 24, 1963 and recorded in the office of the Register of Deeds for Kershaw County in Plat Book 30 at Page 209.

Also described as follows:

All that piece or parcel of land lying on the western side of Haile Street in the City of Camden, Kershaw County, State of South Carolina and being more particularly described as follows:

Beginning at an iron pin found at the southern corner of Lots 2 and 3 on the western right of way of Haile Street; thence running with Lot 2 N45°15'00"W for 196.50 feet to an iron pin set on the now or former Southern Railroad right of way; thence with said right of way N07°41'50"E for 125.30 feet to an iron pin set on the western corner of Lots 3 and 4; thence with Lot 4 S45°15'00"E for 272.00 feet to an iron pin set on the western right of way of Haile Street; thence with Haile Street S44°45'00"W for 100.00 feet to the Point of Beginning

Parcel 9: (1111 Mill Street)

All that piece, parcel or lot of land lying on the west side of Mill Street in the City of Camden, County of Kershaw and Sate of South Carolina, fronting East on Mill Street Sixty and Seventy-five hundredths (60.75) feet and extending back west of a uniform width to a depth of One Hundred Fifteen (115) feet, more or less, and being bound as follows: North by the strip of land below described; East by Mill Street; South by property now or formerly of Ethel Birchmore; and West by property of Kornegay and/or Beard.

Also, a strip of land adjacent to the above described property on the north side thereof, fronting east on Mill Street Thirty and thirty-eight hundredths (30.38) feet running back westwardly therefrom for a distance of One Hundred Fifteen (115) feet, more or less, and being bound as follows: North by a Fifteen (15) foot strip of land reserved for a street; East by Mill Street; South by the lot above described; and, West by the remaining property of C. G. Kornegay.

A width of Fifteen (15) feet on the northern boundary of this property is reserved for use of a street, a similar width having been dedicated on the south side of the adjacent property for the same purpose.

Also described as follows:

All that piece or parcel of land lying in the City of Camden, Kershaw County, South Carolina at the corner of Korngay Court and Mill Street and more particularly described as follows:

Beginning at a point in the center of Korngay Court (on the right of way of Mill Street and running with Mill Street S02°00'00"E for 90.05 feet (passing mag nail set at 15.38 feet) to an

iron pin set; thence leaving Mill Street and running with property now or formerly of C&S Bank of S.C. S88°57'07"W for 115.00 feet to a found iron pin; thence running with property of Yound N02°00'00"W for 90.05 feet (passing an iron pin at 74.67 feet) to a point in the center of Korngay Court; thence running with center line N88°57'07"E for 115.00 feet to the Point of Beginning.

Contains 0.24 acres more or less.

Parcel 10: (124 Battleship Road)

All that certain piece, parcel or lot of land, with improvements thereon, lying, being and situate in the State of South Carolina, County of Kershaw, in DeKalb Township, and being more specifically shown and delineated upon a plat prepared and designated as E. Michael Sheheen, General Partner, dated February 17, 1988, by Carl A. Holland, Jr., SCRLA, recorded in Plat Book 38 at Page 565. Also shown on plat prepared for Harvey Branham, Jr. by Daniel Riddick and Associates, Inc. dated February 10, 1992 recorded in Plat Book 40 at Page 197. According to said latter mentioned plat, the property contains 3 acres, more or less, and is located about one (1) miles West of the Camden City Limits and beginning at the intersection of the rights-of-way of Battleship Road and Lynnwood Street runs South 43°07'39" East along the right of way of Lynnwood Street for a distance of 457.42 feet to a new iron; thence turns and runs South 46°06'19" West along property of Town and Country, Inc. for a distance of 266.79 feet to a new iron; thence turns and runs North 43°07'39" West along property now or formerly of Town and Country, Inc. for a distance of 213.10 feet to a new iron; thence turns and runs North 56°09'28" West along property now or formerly of Geneki, A General Partnership, for a distance of 250 feet to an old iron on the right of way of Battleship Road; thence turns and runs along the right of way of Battleship Road; on which the property fronts, North 41°23'47" East for a distance of 115.85 feet to a point; thence continuing North 47°25'48" East for a distance of 100.58 feet to a point, thence continuing North 49°56'30" East for a distance of 107.39 feet to a new iron, which is the point of beginning; all measurements being a little more or less.

Parcel 11: (1211 Roberts Street)

Lot 1, Block 11 shown on Plat Book 20 at page 85, more particularly described as follows: All that piece, parcel or lot of land, with improvements thereon, lying, being and situate in the State of South Carolina, County of Kershaw and City of Camden, being irregular in shape and occupying the South intersection of DuBose Court and Roberts Street in Overbrook Subdivision, and being bounded as follows: Northwest by DuBose Court for a distance of 200 feet, more or less; East by Roberts Street for a distance of 177 feet, more or less; South by Lot 3, Block 11, for a distance of 82.5 feet, more or less; and, Southwest by Lot 2, Block 11, for a distance of 79 feet, more or less.

Parcel 12: (110 Cleveland Street)

All that piece, parcel of land, with improvements thereon, fronting 62.5' feet on the Westerly side of Cleveland Street, North of its junction with Sumter Street, in the Town of Kershaw,

Lancaster County (formerly Kershaw County), South Carolina, having courses and distances as follows: Beginning at a point on the Westerly side of Cleveland Street which point lies N 17-00 W 146.7' from the Northwesterly corner of the junction with Cleveland Street and Sumter Street; thence S 72-59 W 200' feet to a point in the Easterly side of 17 foot Alley; thence with said Alley N17-00 W 62.5' feet; thence N72-59 E 200' feet with an old fence post and hedge row to a point in the Westerly side of Cleveland Street; thence with the Westerly side of Cleveland Street S17-E 62.5' feet to the point of beginning; all as more clearly appears from a Map of said area, prepared February 12, 1957, and revised July 10, 1959, recorded in the Office of the Register of Deeds for Kershaw County, SC, in Plat Book 26 at Page 224, all distances being more or less.

Also described as follows:

All that piece or parcel of land lying in the City of Kershaw, Lancaster County, State of South Carolina on south Cleveland Street and more particularly described as follows:

Beginning at a found iron pin on the western right of way of South Cleveland Street and running with said street S17°09'18"E for 62.40 feet to a found iron pin; thence leaving South Cleveland Street and running with property of Phillips S72°52'57"W for 199.92 feet to a found iron pin on the eastern right of way of and Alley; thence running with said Alley N16°51'04"W for 62.76 feet to an iron pin found; thence leaving said Alley and running with property of McMaster N72°59'00"E for 199.59 feet to the Point of Beginning.

Contains 0.29 acres more or less.

Legal Description – Kershaw Leased Land

Parcel 1 (Main Hospital Campus):

All that certain piece, parcel or tract of land lying and being situated in the State of South Carolina, County of Kershaw, in the City of Camden, fronting the Southeast side of Haile Street and the Southwest side of Roberts Street and the Northwest side of Dubose Court and being more particularly described as follows:

Beginning at an iron pin at the intersection of Roberts Street and Haile Street on the edge of the Southern right of way of Roberts Street and the Eastern right of way of Haile Street and running with the southern right of way of Roberts Street for two (2) calls to wit: South 39 degrees 15 minutes 58 seconds East for a distance of 363.71 feet to a calculated point; thence a non radial curve to the right with a chord bearing and distance of South 24 degrees 16 minutes 12 seconds East, 676.10 feet (Radius 12265.08; Arc Length 684.38') to a PK Nail; thence leaving said right of way and running South 52 degrees 01 minutes 25 seconds West for a distance of 253.65 feet to found iron pipe; thence South 37 degrees 30 minutes 57 seconds East to a calculated point on the western right of way of DuBose Court, passing an iron pin at 71.86 feet; thence running with said right of way for six (6) courses to wit; South 35 degrees 02 minutes 05 seconds West for a distance of 37.12 feet to a drill hole; thence South 22 degrees 54 minutes 06 seconds West for a distance of 182.48 feet to a calculated point; thence South 29 degrees 55 minutes 51 seconds West for a distance of 145.38 feet to an iron pin; thence South 22 degrees 54 minutes 19 seconds West for a distance of 109.13 feet to and iron pin; thence South 21 degrees 33 minutes 01 seconds West for a distance of 151.87 feet to an iron pin; thence South 08 degrees 26 minutes 21 seconds West for a distance of 91.60 feet to an iron pin; thence leaving the right of way of DuBose Court and running North 87 degrees 59 minutes 55 seconds West for a distance of 117.96 feet to a calculated point in the creek; thence running with the creek for five (5) courses to wit: North 03 degrees 50 minutes 57 seconds East for a distance of 294.04 feet to a calculated point; thence North 01 degrees 15 minutes 22 seconds West for a distance of 457.51 feet to a calculated point; thence North 32 degrees 40 minutes 34 seconds West for a distance of 107.76 feet to a calculated point; thence North 28 degrees 07 minutes 30 seconds West for a distance of 493.76 feet to a calculated point; thence North 21 degrees 03 minutes 32 seconds West for a distance of 201.00 feet to a calculated point in the creek on the Eastern right of way of Haile Street; thence with the eastern right of way of said street for three (3) course to wit: North 54 degrees 10 minutes 34 seconds East for a distance of 121.65 feet to a calculated point; thence a non radial curve to the left with a chord bearing and distance of North 52 degrees 03 minutes 00 seconds East 331.80 feet (Radius 6677.00; Arc Length 331.83') to a calculated point; thence North 50 degrees 15 minutes 11 seconds East for a distance of 42.96 feet to the Point of Beginning. Property contains 16.86 acres more or less.

Exhibit A-6

Parcel 2 (Elgin Campus):

All that piece or parcel of land, lying in the Town of Elgin, Kershaw County, State of South Carolina fronting on Executive Drive, Pinnacle Parkway and Whiting Way and more particularly described as follows:

Beginning at an iron pin in the intersection of Executive Drive and Whiting Way and running with Whiting Way on a non-radial curve to the left with a chord bearing of S72°47'20"W for 710.09 feet (R=1006.08 feet; L=725.73 feet) to an iron pin set; thence leaving Whiting Way and running with property of Outpost Rood Mart Inc. for two courses to-wit: N01°44'50"W for 434.75 feet to a blazed tree; thence N15°51'27"E for 238.52 feet to an iron pin found with cap; thence running with second parcel (52 Pinnacle Parkway) N53°53'41"E for 418.88 feet to an iron pin found; thence running with Camden Bone and Joint LLC for two courses to-wit: N53°54'36"E for 133.44 feet to a nail in a stump; thence S47°51'06"E for 44.02 feet to a found iron pin on the western right of way of Pinnacle Parkway; thence with Pinnacle Parkway a non-radial curve to the left with a chord bearing of S24°35'46"E for 412.28 feet (R=247.00 feet; L=487.76 feet) to a found iron pin at the intersection of Pinnacle Parkway and Executive Drive; thence with Executive Drive S03°40'51"W for 375.69 feet to the Point of Beginning.

Contains 9.70 acres more or less.

All that piece or parcel of land lying in the Town of Elgin, Kershaw County, State of South Carolina and fronting on Pinnacle Parkway and more particularly described as follows:

Beginning on the northern right of way of Pinnacle Parkway at the eastern corner of property of Camden Bone and Joint LLC; thence leaving Pinnacle Parkway and running with property of Camden Bone & Joint for three courses to-wit: N47°37'36"W for 275.09 feet to an found iron pin; thence S51°18'24"W for 140.52 feet to an iron pin found; thence S36°05'50"E for 234.93 feet to a found iron pin in the property line of Parcel 1 (40 Pinnacle Parkway); thence with Parcel 1 S53°53'41"W for 418.88 feet to a found iron pin with cap; thence running with property of Outpost Food Mart, Inc. S49°43'13"W for 366.81 feet to a found iron pin; thence running with property of Coldbranch Partnership N40°20'21"W for 157.43 feet to an iron pin found on the eastern right of way of a proposed road; thence with eastern right of way of proposed road for 7 courses to-wit: a non-radial curve to the left with a chord bearing of N23°12'32"E for 57.16 feet (R=283.00 feet; L=57.30 feet) to a found iron pin; thence N17°26'34"E for 457.09 feet (passing a found iron pin at 149.93 feet) to a found iron pin; thence a curve to the right with a chord bearing of N38°06'25"E for 248.00 feet (R=342.00 feet; L=246.28 feet) (passing found iron pins at 61.63 feet, 123.07 feet, 184.49 feet) to a found iron pin; thence N58°47'27"E for 292.02 feet (passing iron pins at 146.01 feet and 156.65 feet) to a found iron pin; thence a non-radial curve to the right with a chord bearing of S84°38'27"E for 199.64 feet (R=167.00 feet; L=213.98 feet) (passing found iron pins at 53.19 feet, 106.50 feet and 159.91 feet) to a found iron pin; thence S47°40'04"E for 340.86 feet to a point (passing found iron pin at 300.72 feet) on the western right of way of Pinnacle Parkway; thence with Pinnacle Parkway S42°22'07"W for 169.32 feet to the Point of Beginning.

Contains 9.45 acres more or less.

Exhibit B-2

Permitted Exceptions – Kershaw Owned Land

AS TO ALL TRACTS

1. Taxes and assessments for the year 2015 and subsequent years, including any roll back taxes.

1165 Highway South (tms#310-00-009)

1. Parcel 1 is subject to a general permit to Southern Bell Telephone and Telegraph Company dated December 30, 1940 and recorded in the Office of the Clerk of Court for Kershaw County in Book CS at Page 321.
2. Easement in favor of Kornegay Funeral Home dated February 19, 2009 and recorded February 20, 2009 in the Office of the Register of Deeds for Kershaw County in Book 2479 at Page 230.
3. Easement in favor of Carolina Power & Light Company dated February 22, 1999 and recorded March 15 1999 in the Office of the Register of Deeds for Kershaw County in Book 738 at Page 116.
4. Matters shown on that certain Plat recorded in the Office of the Register of Deeds for Kershaw County in Plat Book A-29 at Page 1.
5. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc., of NC on behalf of Smith-Roberts National Association on March 12, 2015, designated Job Number H35045: location of West Wateree sign, transformer, light poles, telephone pedestal on property line, sewer manhole, clean outs, fire hydrant, and water valve.

1218 Roberts Street (TMS#C285-06-00-049), 1215 Gardner Street (TMS#C285-06-00-050) and 1213 Gardner Street (TMS#C285-06-00-052)

1. As to Parcels 6, 7, and 8: Restrictions appearing of record in Book EL, Page 327, and amendments thereto recorded in Book EX at Page 298.
2. Note: This exception omits any covenant, conditions or restriction based on race, color, religion, sex, handicap, familial status or national origin as provided in 42 U.S.C. § 3604, law, (b) is exempt under 42 U.S.C. § 3607, or (c) relates to a handicap, but does not discriminate against handicapped people.

3. As to Parcel 6: Right-of-way to City of Camden dated March 28, 1955 and recorded in Book EX at Page 154.
4. As to Parcel 6: Easement for electric line and pole as shown on plat dated September 24, 2007 and recorded in Plat Book C25 at Page 4A.
5. As to Parcel 8: Right-of-Way to City of Camden recorded in Book EX at Page 143.
6. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc., of NC on behalf of Smith-Roberts National Association on March 12, 2015, designated Job Number H35052: location of power pole and overhead power line.

1329 Haile Street (TMS#C285-06-00-005)

1. Matters shown on that certain Plat recorded in the Office of the Register of Deeds for Kershaw County in Plat Book 30 at Page 209.
2. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc., of NC on behalf of Smith-Roberts National Association on March 4, 2015, designated Job Number H35054: (A) overhead power line traverses property without benefit of easement; (B) power pole on southwesterly property line without benefit of easement; and (C) asphalt parking encroaches.

1327 Haile Street (TMS#C28-06-00-004)

1. Right of Way easement to Carolina Power & Light Co. dated January 17, 1995 recorded in Book 320 at Page 333.
2. 8' sanitary sewer easement on Northern corner of lot as shown on Plat Book 30 at Page 209.
3. Easement for electric power line across Northwest portion of property as shown on Plat Book 30 at Page 209.
4. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc. of NC on behalf of Smith-Roberts National Association on March 4, 2015, designated Job Number H35053: (A) asphalt parking lot encroaches adjoining property to the south.

1111 Mill Street (TMS#C285-09-00-025)

1. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc., of NC on behalf of Smith-Roberts National Association on March 2, 2015, designated Job Number H35044: None.

124 Battleship Road (TMS#285-00-00-022)

1. Easement in favor of City of Camden recorded in the Office of the Register of Deeds for Kershaw County in Book DG at Page 36.
2. Agreement recorded in the Office of the Register of Deeds for Kershaw County in Book DB at Page 454, as assigned in Book JG at Page 99, Book JG Page 100, Book JG Page 101, and Book JG Page 1790.
3. Matters shown on that certain Plat recorded in the Office of the Register of Deeds for Kershaw County in Book 38 at Page 565.
4. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc., of NC on behalf of Smith-Roberts National Association on March 4, 2015, designated Job Number H35048: (A) Kershaw Health sign encroaches into right-of-way of Battleship Road.

1211 Roberts Street (TMS#C285-06-00-048)

1. Restrictions appearing of record in Book EL, Page 327, and amendments thereto recorded in Book EX at Page 298.
2. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc., of NC on behalf of Smith-Roberts National Association on March 19, 2015, designated Job Number H35056: (A) asphalt paving extends into right-of-way of Roberts Street and DuBose Court.

110 Cleveland Street (TMS# 0156I-0X-007.00)

1. Matters shown on that certain Plat recorded in the Office of the Register of Deeds for Lancaster County in Plat Book 26 at Page 224.
2. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc., of NC on behalf of Smith-Roberts National Association on March 5, 20015, designated Job Number H35051: (A) Kershaw Health sign encroaches into right-of-way of South Cleveland Street.

Exhibit B-6

Permitted Exceptions – Kershaw Leased Land

As to Elgin Campus and the Main Hospital Campus:

1. Taxes and assessments for the year 2015 and subsequent years including any roll back taxes.
2. Terms, provisions and conditions of that certain unrecorded Lease Agreement made as of dated as of November 1, 2015, by and between KershawHealth, a South Carolina political subdivision, as Lessor, and Kershaw Hospital, LLC, a South Carolina limited liability company, as Lessee.

As to Elgin Campus:

40 Pinnacle Parkway:

1. Declaration of Protective Covenants, Conditions, Restrictions and Easements appearing of record at Book 2098, Page 18, and Modification and Amendment recorded thereto in Book 2098, Page 182.
2. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc. of NC on behalf of Smith-Roberts National Association on March 4, 2015, designated as Job Number H35046; location of power poles on property line, transformers, water valves, light poles, sewer manholes, clean outs, catch basins and water meter.

52 Pinnacle Parkway:

1. Declaration of Covenants, Conditions and Restrictions appearing of record at Book 2321, Page 185.
2. Matters shown on that certain Plat recorded in the Office of the Register of Deeds for Kershaw County in Plat Book C35, at Page 9.
3. Concurrent rights of others to use the easement described in Schedule A.
4. Matters shown on that certain Plat recorded in the Office of the Register of Deeds for Kershaw County in Plat Book C102, at Page 1-A.
5. Easement contained in that certain deed recorded June 21, 2011 in the Office of the Register of Deeds for Kershaw County in Book 2811, at Page 227.

Exhibit B-6

6. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc. of NC on behalf of Smith-Roberts National Association on March 4, 2015, designated as Job Number H35046: No matters.

As to Main Hospital Campus:

1315 Roberts Street and 1209 Debose Court:

1. Easement to City of Camden dated October 10, 1988 recorded in Book JD at Page 1877.
2. Encroachment upon insured premises by the wood foot bridge on the Southwestern boundary as shown on plat dated July 22, 2008 prepared by Daniel Riddick & Associates, Inc. and recorded in Plat Book C49, at Page 3.
3. Rights of upper and lower riparian owners in and to the use of the waters of Little Pine Tree Creek crossing or adjoining subject property.
4. City of Camden sanitary sewer easement as shown on plat prepared by Daniel Riddick & Associates, Inc. dated July 22, 2008, and recorded in Plat Book C49, at Page 3.
5. Restrictions appearing of record in Book EL, Page 327, and amendments thereto recorded in Book EX at Page 298.
6. Easement to the City of Camden recorded in Book HW at Page 2243.
7. Easement to the City of Camden recorded in Book EZ at Page 483.
8. Easement to the City of Camden recorded in Book EX at Page 143.
9. Matters shown on that certain Plat recorded in the Office of the Register of Deeds of Kershaw County in Plat Book 38, at Page 1018.
10. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/ACSM survey made by Freeland – Clinkscales & Associates, Inc. of NC on behalf of Smith-Roberts National Association on March 4, 2015, designated as Job Number H35046: location of water valve, water meter, fire hydrant, light poles, transformers, sewer manholes, power poles and overhead power line.

Exhibit F

Kershaw Facilities

Kershaw Facilities Located on Kershaw Leased Land:

1. Elgin Center
2. Kershaw Medical Center

Kershaw Facilities Located on Kershaw Owned Land:

Facility/Practice Name	Address
1. KershawHealth Hospice/Home Health	124 Battleship Rd Camden, SC 29020
2. KershawHealth Primary Care at Camden	1111 Mill St Camden, SC 29020
3. KershawHealth Infectious Diseases/ Pulmonary	1218 Roberts Street Camden, SC 29020
4. West Materee Medical Complex	1165 Hwy 1, Suite 500 Lugoff, SC 29078
5. Abandoned House	1215 Gardner Street Camden, SC 29020
6. Empty Lot	1213 Gardner Street Camden, SC 29020
7. Sleep Diagnostic Center at KershawHealth	1329 Haile Street Camden, SC 29020
8. KershawHealth Physical Therapy	110 Cleveland Street Kershaw, SC 29067
9. KershawHealth Urology	1327 Haile Street Camden, SC 29020
10. KershawHealth Human Resources	1211 Roberts Street Camden, SC 29020

Exhibit F

Schedule 1-A

MPT of Hartsville-Capella Hospital, LLC;
MPT of McMinnville-Capella Hospital, LLC;
MPT of Muskogee-Capella Hospital, LLC; and
MPT of Kershaw-Capella Hospital, LLC;

each a Delaware limited liability company, collectively, jointly and severally, as Lessor.

Schedule 1-A

Schedule 1-B

Hartsville, LLC, a South Carolina limited liability company;
Muskogee Regional Medical Center LLC, a Delaware limited liability company;
Willamette Valley Medical Center, LLC, a Delaware limited liability company; and
Kershaw Hospital, LLC, a South Carolina limited liability company
collectively, jointly and severally, as Lessee.

Schedule 1-B

Schedule 3.1(a)

The "Lease Base" for each of the Properties are as follows:

<u>Property</u>	<u>Lease Base</u>
Oklahoma Property	\$60,000,000
• Oklahoma Owned Land	\$13,433,000
• Oklahoma Ground Leased Property	\$46,567,000
Oregon Property	\$110,000,000
South Carolina Property	\$ 50,000,000
Kershaw Property	\$ 25,800,700
• Kershaw Owned Property	\$ 4,100,700
• Kershaw Leased Property	\$21,700,000

and, in each case, plus all costs and expenses not included in such sum which are incurred or paid in connection with the purchase and lease of each of the Properties, including, but not limited to legal, appraisal, title, survey, environmental, seismic, engineering and other fees and expenses paid in connection with the inspection of the Properties and each Facility, and paid to advisors and brokers (except to the extent such items are paid by Lessees), and shall include the costs and Capital Additions funded by Lessor (and Lessor's Affiliates) as provided in Sections 10.1 and 10.4 of this Lease with respect to each Property. Notwithstanding any provision hereof, no item shall be included in the Lease Base for purposes of this Lease to the extent that such item is paid separately by Lessees or is subject to a separate loan repayment obligation of Lessees.

Schedule 3.1(a)

**Computation of Ratio of Earnings to Fixed Charges
Medical Properties Trust, Inc.**

The following table sets forth ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred dividends for the periods indicated below.

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Income From Continuing Operations Before Income					
Taxes	\$ 141,101	\$ 50,864	\$ 89,803	\$ 72,712	\$ 12,070
Fixed Charges	126,887	101,914	68,654	60,011	58,964
Amortization of Capitalized Interest	355	318	271	227	204
Capitalized Interest	(1,425)	(1,860)	(1,729)	(1,596)	(896)
Earnings	\$ 266,918	\$ 151,236	\$ 156,999	\$ 131,354	\$ 70,342
Interest Expense/Debt Refinancing Costs	\$ 125,252	\$ 99,854	\$ 66,746	\$ 58,243	\$ 58,026
Portion of Rent Related to Interest	210	200	179	172	42
Capitalized Interest	1,425	1,860	1,729	1,596	896
Fixed Charges	\$ 126,887	\$ 101,914	\$ 68,654	\$ 60,011	\$ 58,964
Preferred Stock Dividends	—	—	—	—	—
Combined Fixed Charges and Preferred Stock Dividends	\$ 126,887	\$ 101,914	\$ 68,654	\$ 60,011	\$ 58,964
Ratio of Earnings to Fixed Charges	2.10 x	1.48 x	2.29 x	2.19 x	1.19 x
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	2.10 x	1.48 x	2.29 x	2.19 x	1.19 x

Our ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. Our ratio of earnings to combined fixed charges and preferred dividends is computed by dividing earnings by combined fixed charges and preferred dividends. For these purposes, “earnings” is the amount resulting from adding together income (loss) from continuing operations, fixed charges, and amortization of capitalized interest and subtracting interest capitalized. “Fixed charges” is the amount resulting from adding together interest expensed and capitalized; amortized premiums, discounts and capitalized expenses related to indebtedness; and the interest portion of rent. “Combined fixed charges and preferred dividends” is the amount resulting from adding together fixed charges and preferred dividends paid and accrued for each respective period.

**Computation of Ratio of Earnings to Fixed Charges
MPT Operating Partnership, L.P.**

The following table sets forth ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred dividends for the periods indicated below.

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Income From Continuing Operations Before Income					
Taxes	\$ 141,101	\$ 50,864	\$ 89,803	\$ 72,712	\$ 12,087
Fixed Charges	126,887	101,914	68,654	60,011	58,964
Amortization of Capitalized Interest	355	318	271	227	204
Capitalized Interest	(1,425)	(1,860)	(1,729)	(1,596)	(896)
Earnings	\$ 266,918	\$ 151,236	\$ 156,999	\$ 131,354	\$ 70,359
Interest Expense/Debt Refinancing Costs	\$ 125,252	\$ 99,854	\$ 66,746	\$ 58,243	\$ 58,026
Portion of Rent Related to Interest	210	200	179	172	42
Capitalized Interest	1,425	1,860	1,729	1,596	896
Fixed Charges	\$ 126,887	\$ 101,914	\$ 68,654	\$ 60,011	\$ 58,964
Preferred Stock Dividends	—	—	—	—	—
Combined Fixed Charges and Preferred Stock Dividends	\$ 126,887	\$ 101,914	\$ 68,654	\$ 60,011	\$ 58,964
Ratio of Earnings to Fixed Charges	2.10 x	1.48 x	2.29 x	2.19 x	1.19 x
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	2.10 x	1.48 x	2.29 x	2.19 x	1.19 x

Our ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. Our ratio of earnings to combined fixed charges and preferred dividends is computed by dividing earnings by combined fixed charges and preferred dividends. For these purposes, “earnings” is the amount resulting from adding together income (loss) from continuing operations, fixed charges, and amortization of capitalized interest and subtracting interest capitalized. “Fixed charges” is the amount resulting from adding together interest expensed and capitalized; amortized premiums, discounts and capitalized expenses related to indebtedness; and the interest portion of rent. “Combined fixed charges and preferred dividends” is the amount resulting from adding together fixed charges and preferred dividends paid and accrued for each respective period.

SUBSIDIARIES OF REGISTRANT

Subsidiaries	Jurisdiction of Organization	Jurisdiction(s) in Which Qualified as a Foreign Corporation
Medical Properties Trust, LLC	Delaware	Alabama, Massachusetts
Mountain View-MPT Hospital, LLC	Delaware	Idaho
MPT of 69th Street, LLC	Delaware	Alabama
MPT of Allen FCER, LLC	Delaware	Texas
MPT of Altoona, LLC	Delaware	Wisconsin
MPT of Alvarado, LLC	Delaware	California
MPT of Alvarado, L.P.	Delaware	California
MPT of Alvin FCER, LLC	Delaware	Texas
MPT Aztec Opco, LLC	Delaware	—
MPT Bath S.a.r.l.	Luxembourg	—
MPT of Bayonne, LLC	Delaware	New Jersey
MPT of Bennettsville, LLC	Delaware	South Carolina
MPT of Billings, LLC	Delaware	Montana
MPT of Billings Hospital, LLC	Delaware	Montana
MPT of Bloomington, LLC	Delaware	Indiana
MPT of Boise, LLC	Delaware	Idaho
MPT of Boise Hospital, LLC	Delaware	Idaho
MPT of Bossier City, LLC	Delaware	Louisiana
MPT of Bristol, LLC	Delaware	Connecticut
MPT of Brodie FCER, LLC	Delaware	Texas
MPT of Broomfield FCER, LLC	Delaware	Colorado
MPT of Brownsville, LLC	Delaware	Texas
MPT of Brownsville Hospital, LLC	Delaware	Texas
MPT of Carrollton AD, LLC	Delaware	Texas
MPT of Casper, LLC	Delaware	Wyoming
MPT of Casper Hospital, LLC	Delaware	Wyoming
MPT of Cedar Hill FCER, LLC	Delaware	Texas
MPT of Champion Forest FCER, LLC	Delaware	Texas
MPT of Chandler FCER, LLC	Delaware	Arizona
MPT of Cheraw, LLC	Delaware	South Carolina
MPT of Chino, LLC	Delaware	California
MPT of Clear Lake, LLC	Delaware	Texas
MPT of Clear Lake, L.P.	Delaware	Texas
MPT of Comal County, LLC	Delaware	Texas
MPT of Comal County Hospital, LLC	Delaware	Texas
MPT of Commerce City FCER, LLC	Delaware	Colorado
MPT of Converse FCER, LLC	Delaware	Texas
MPT of Corinth, LLC	Delaware	Texas
MPT of Corinth, L.P.	Delaware	Texas
MPT Corinth Hospital, LLC	Delaware	—
MPT of Corpus Christi, LLC	Delaware	Texas
MPT of Corpus Christi Hospital, LLC	Delaware	Texas
MPT of Covington, LLC	Delaware	Louisiana
MPT Covington TRS, Inc.	Delaware	Louisiana
MPT of Dallas, LLC	Delaware	Texas
MPT of Dallas LTACH, LLC	Delaware	Texas (as “MPT of Dallas LTACH GP, LLC”)
MPT of Dallas LTACH, L.P.	Delaware	Texas
MPT of Desoto, LLC	Delaware	Texas
MPT of Desoto, L.P.	Delaware	Texas
MPT Desoto Hospital, LLC	Delaware	Texas
MPT of Detroit, LLC	Delaware	Michigan
MPT Development Services, Inc.	Delaware	Alabama
MPT DS Equipment Holding, LLC	Delaware	Alabama

Subsidiaries	Jurisdiction of Organization	Jurisdiction(s) in Which Qualified as a Foreign Corporation
MPT of Enfield, LLC	Delaware	Connecticut
MPT of Fairmont-Alecto, LLC	Delaware	West Virginia
MPT of Fairmont-Alecto Hospital, LLC	Delaware	West Virginia
MPT Finance Corporation	Delaware	—
MPT of Firestone FCER, LLC	Delaware	Colorado
MPT of Florence, LLC	Delaware	Arizona
MPT of Fort Worth FCER, LLC	Delaware	Texas
MPT of Fountain FCER, LLC	Delaware	Colorado
MPT of Frisco FCER, LLC	Delaware	Texas
MPT of Ft. Lauderdale, LLC	Delaware	Florida
MPT of Garden Grove Hospital, LLC	Delaware	California
MPT of Garden Grove Hospital, L.P.	Delaware	California
MPT of Garden Grove MOB, LLC	Delaware	California
MPT of Garden Grove MOB, L.P.	Delaware	California
MPT of Gilbert, LLC	Delaware	Arizona
MPT of Glendale FCER, LLC	Delaware	Arizona
MPT of Greenwood, LLC	Delaware	South Carolina
MPT of Greenwood Hospital, LLC	Delaware	South Carolina
MPT of Hammond, LLC	Delaware	Louisiana
MPT Hammond Hospital, LLC	Delaware	Louisiana
MPT of Hausman, LLC	Delaware	Texas
MPT of Hillsboro, LLC	Delaware	Texas
MPT of Hillsboro, L.P.	Delaware	Texas
MPT of Hoboken Hospital, LLC	Delaware	—
MPT of Hoboken Real Estate, LLC	Delaware	New Jersey
MPT of Hoboken TRS, LLC	Delaware	New Jersey
MPT of Hoover-Medical West, LLC	Delaware	Alabama
MPT of Houston-Eldridge FCER, LLC	Delaware	Texas
MPT of Idaho Falls, LLC	Delaware	Idaho
MPT of Inglewood, LLC	Delaware	California
MPT of Inglewood, L.P.	Delaware	California
MPT of Johnstown, LLC	Delaware	Colorado
MPT of Johnstown Hospital , LLC	Delaware	Colorado
MPT JV GmbH & Co. KG	Germany	—
MPT JV Holdco Sarl	Luxembourg	—
MPT JV Verwaltungs GmbH	Germany	—
MPT of Kansas City, LLC	Delaware	Missouri
MPT of Lafayette, LLC	Delaware	Indiana
MPT of Lafayette Hospital, LLC	Delaware	Indiana
MPT of Laredo, LLC	Delaware	Texas
MPT of Laredo Hospital, LLC	Delaware	Texas
MPT of Las Cruces	Delaware	New Mexico
MPT of Las Cruces Hospital, LLC	Delaware	New Mexico
MPT of Leavenworth, LLC	Delaware	Kansas
MPT Legacy of Montclair, LLC	Delaware	New Jersey
MPT of Little Elm FCER, LLC	Delaware	Texas
MPT of Los Angeles, LLC	Delaware	—
MPT of Los Angeles, L.P.	Delaware	California
MPT of Luling, LLC	Delaware	Texas (as “Delaware MPT of Luling, LLC”)
MPT of Luling, L.P.	Delaware	Texas
MPT of Mesa, LLC	Delaware	Arizona
MPT of Mesquite, LLC	Delaware	Texas
MPT of Mesquite Hospital, LLC	Delaware	Texas
MPT of Missouri City-Dulles FCER, LLC	Delaware	Texas
MPT of Missouri City FCER, LLC	Delaware	Texas
MPT of Mountain View, LLC	Delaware	—
MPT of Nacogdoches FCER, LLC	Delaware	Texas
MPT of New Braunfels, LLC	Delaware	Texas
MPT New Braunfels Hospital, LLC	Delaware	Texas

Subsidiaries	Jurisdiction of Organization	Jurisdiction(s) in Which Qualified as a Foreign Corporation
MPT of Newington, LLC	Delaware	Connecticut
MPT of North Cypress, LLC	Delaware	Texas (as "Delaware MPT of North Cypress Texas, LLC")
MPT of North Cypress, L.P.	Delaware	Texas
MPT of North Gate FCER, LLC	Delaware	Colorado
MPT of Ogden, LLC	Delaware	Utah
MPT of Ogden Hospital, LLC	Delaware	Utah
MPT of Olympia, LLC	Delaware	—
MPT Operating Partnership, L.P.	Delaware	Massachusetts, Alabama, New York, Kansas
MPT of Overlook Parkway, LLC	Delaware	Texas
MPT of Paradise Valley, LLC	Delaware	California
MPT of Paradise Valley, L.P.	Delaware	California
MPT of Pearland FCER, LLC	Delaware	Texas
MPT of Petersburg, LLC	Delaware	Virginia
MPT of Poplar Bluff, LLC	Delaware	Missouri
MPT of Port Arthur, LLC	Delaware	Texas
MPT of Portland, LLC	Delaware	Oregon
MPT of Post Falls, LLC	Delaware	Idaho
MPT of Post Falls Hospital, LLC	Delaware	Idaho
MPT of Prescott Valley, LLC	Delaware	Arizona
MPT of Prescott Valley Hospital, LLC	Delaware	Arizona
MPT of Providence, LLC	Delaware	Rhode Island
MPT of Provo, LLC	Delaware	Utah
MPT of Provo Hospital, LLC	Delaware	Utah
MPT of Redding, LLC	Delaware	California
MPT of Reno, LLC	Delaware	Nevada
MPT RHM Achertal Sarl	Luxembourg	—
MPT RHM Adelsberg Sarl	Luxembourg	—
MPT RHM Aukammtal Sarl	Luxembourg	—
MPT RHM Bad Lausick Sarl	Luxembourg	—
MPT RHM Bad Sulze Sarl	Luxembourg	—
MPT RHM Berggiesshubel Sarl	Luxembourg	—
MPT RHM Bernkastel Sarl	Luxembourg	—
MPT RHM Braunfels Sarl	Luxembourg	—
MPT RHM Buchberg Sarl	Luxembourg	—
MPT RHM Burg Landshut Sarl	Luxembourg	—
MPT RHM Burggraben Sarl	Luxembourg	—
MPT RHM Christiaan S.a.r.l.	Luxembourg	—
MPT RHM Flachsheide Sarl	Luxembourg	—
MPT RHM Flechtingen Sarl	Luxembourg	—
MPT RHM Flechtingen II Sarl	Luxembourg	—
MPT RHM Fontana S.a.r.l.	Luxembourg	—
MPT RHM Franz-Alexander Sarl	Luxembourg	—
MPT RHM Gottleuba Sarl	Luxembourg	—
MPT RHM Grunheide Sarl	Luxembourg	—
MPT RHM Gunzenbach Sarl	Luxembourg	—
MPT RHM Gyhum Sarl	Luxembourg	—
MPT RHM Heidelberg Sarl	Luxembourg	—
MPT RHM Heiligendamm Sarl	Luxembourg	—
MPT RHM Heinrich Mann Sarl	Luxembourg	—
MPT RHM Hillersbach S.a.r.l.	Luxembourg	—
MPT RHM Hohenfeld Sarl	Luxembourg	—
MPT RHM Hohenlohe Sarl	Luxembourg	—
MPT RHM Holdco S.a.r.l.	Luxembourg	—
MPT RHM Hoppegarten Sarl	Luxembourg	—
MPT RHM Ilmtal Sarl	Luxembourg	—
MPT RHM Kaiserberg Sarl	Luxembourg	—
MPT RHM Kalbe Sarl	Luxembourg	—
MPT RHM Kinzigtal Sarl	Luxembourg	—
MPT RHM Kladow Sarl	Luxembourg	—

Subsidiaries	Jurisdiction of Organization	Jurisdiction(s) in Which Qualified as a Foreign Corporation
MPT RHM Klaus S.a.r.l.	Luxembourg	—
MPT RHM Lobenstein Sarl	Luxembourg	—
MPT RHM Magdeburg Sarl	Luxembourg	—
MPT RHM Moselhohe Sarl	Luxembourg	—
MPT RHM Moselschleife Sarl	Luxembourg	—
MPT RHM Park Oeynhausien Sarl	Luxembourg	—
MPT RHM Park S.a.r.l.	Luxembourg	—
MPT RHM Quellbrun Sarl	Luxembourg	—
MPT RHM Schlangenbad Sarl	Luxembourg	—
MPT RHM Sonnenwende S.a.r.l.	Luxembourg	—
MPT RHM St. George Bad Durrheim Sarl	Luxembourg	—
MPT RHM St. George Bad Krotzingen Sarl	Luxembourg	—
MPT RHM St. George Nordrach Sarl	Luxembourg	—
MPT RHM Sudpark Sarl	Luxembourg	—
MPT RHM Tennstedt Sarl	Luxembourg	—
MPT RHM TRS Sarl	Luxembourg	—
MPT RHM Vesalius S.a.r.l.	Luxembourg	—
MPT RHM Weserlinik Sarl	Luxembourg	—
MPT RHM Wismar Sarl	Luxembourg	—
MPT of Richardson, LLC	Delaware	Texas
MPT of Richardson, L.P.	Delaware	Texas
MPT of Rosenberg FCER, LLC	Delaware	Texas
MPT of Round Rock, LLC	Delaware	Texas
MPT of Round Rock, L.P.	Delaware	Texas
MPT of Roxborough, LLC	Delaware	Pennsylvania
MPT of Roxborough, L.P.	Delaware	Pennsylvania
MPT of San Dimas Hospital, LLC	Delaware	California
MPT of San Dimas Hospital, L.P.	Delaware	California
MPT of San Dimas MOB, LLC	Delaware	California
MPT of San Dimas MOB, L.P.	Delaware	California
MPT of Shasta, LLC	Delaware	California
MPT of Shasta, L.P.	Delaware	California
MPT of Shenandoah, LLC	Delaware	Texas
MPT of Shenandoah, L.P.	Delaware	Texas
MPT of Sherman-Alecto, LLC	Delaware	Texas
MPT of Spartanburg, LLC	Delaware	South Carolina
MPT of Spartanburg Hospital, LLC	Delaware	South Carolina
MPT of Southern California, LLC	Delaware	California
MPT of Southern California, L.P.	Delaware	California
MPT of Springfield, LLC	Delaware	Massachusetts
MPT of Summerwood FCER, LLC	Delaware	Texas
MPT of Surprise FCER, LLC	Delaware	Arizona
MPT of Thornton FCER, LLC	Delaware	Colorado
MPT of Tomball, LLC	Delaware	Texas (as “MPT of Tomball GP, LLC”)
MPT of Tomball, L.P.	Delaware	Texas
MPT of Twelve Oaks, LLC	Delaware	Texas
MPT of Twelve Oaks, L.P.	Delaware	Texas
MPT UK Holdco S.a.r.l.	Luxembourg	—
MPT of Victoria, LLC	Delaware	Texas (as “Delaware MPT of Victoria, LLC”)
MPT of Victoria, L.P.	Delaware	Texas
MPT of Victorville, LLC	Delaware	California
MPT of Victory Lakes FCER, LLC	Delaware	Texas
MPT of Warwick, LLC	Delaware	Rhode Island

Subsidiaries	Jurisdiction of Organization	Jurisdiction(s) in Which Qualified as a Foreign Corporation
MPT of West Anaheim, LLC	Delaware	California
MPT of West Anaheim, L.P.	Delaware	California
MPT of West Monroe, LLC	Delaware	Louisiana
MPT of Westover Hills, LLC	Delaware	Texas
MPT of West Valley City, LLC	Delaware	Utah
MPT of Wichita, LLC	Delaware	Kansas
MPT of Wyandotte County, LLC	Delaware	Kansas
Wichita Health Associates Limited Partnership	Delaware	Kansas
MPT of Bucks County, LLC	Delaware	Pennsylvania
MPT of Bucks County, LP	Delaware	Pennsylvania
MPT of Toledo Hospital, LLC	Delaware	
MPT of Sherman-Alecto Hospital, LLC	Delaware	Texas
MPT of Denver 48th FCER, LLC	Delaware	Colorado
MPT of McKinney FCER, LLC	Delaware	Texas
MPT of Gilbert FCER, LLC	Delaware	Arizona
MPT of Conroe FCER, LLC	Delaware	Texas
MPT of Houston Vintage AD, LLC	Delaware	Texas
MPT of Blue Springs, LLC	Delaware	Missouri
MPT of Missouri, LLC	Delaware	Missouri
N650MP, LLC	Delaware	Alabama
MPT of Aurora FCER, LLC	Delaware	Colorado
MPT of Weslaco, LLC	Delaware	Texas
MPT of Weslaco Hospital, LLC	Delaware	Texas
MPT of Chandler-Ray FCER, LLC	Delaware	Arizona
MPT of Highland Village FCER, LLC	Delaware	Texas
MPT Europe Opportunities, LLC	Delaware	
MPT of Helotes FCER, LLC	Delaware	Texas
MPT of Parker FCER, LLC	Delaware	Colorado
MPT of Cinco Ranch FCER, LLC	Delaware	Texas
MPT of Lubbock, LLC	Delaware	Texas
MPT of Lubbock Hospital, LLC	Delaware	Texas
MPT of Frisco-Eldorado FCER, LLC	Delaware	Texas
MPT of Mesa-Eastmark AD, LLC	Delaware	Arizona
MPT of Fairfield FCER, LLC	Delaware	Texas
MPT of Goodyear FCER, LLC	Delaware	Arizona
MPT Camero Opco, LLC	Delaware	
Capella Health Holdings, LLC	Delaware	
Capella Holdings Acquisition Subs, Inc.	Delaware	
MPT of Hartsville-Capella, LLC	Delaware	South Carolina
MPT of Hartsville-Capella Hospital, LLC	Delaware	South Carolina
MPT of Hot Springs-Capella, LLC	Delaware	Arkansas
MPT of Hot Springs-Capella Hospital, LLC	Delaware	Arkansas
MPT of Lawton-Capella, LLC	Delaware	Oklahoma
MPT of Lawton-Capella Hospital, LLC	Delaware	Oklahoma
MPT of McMinnville-Capella, LLC	Delaware	Oregon
MPT of McMinnville-Capella Hospital, LLC	Delaware	Oregon
MPT of Muskogee-Capella, LLC	Delaware	Oklahoma
MPT of Muskogee-Capella Hospital, LLC	Delaware	Oklahoma
MPT of Olympia-Capella, LLC	Delaware	Washington
MPT of Olympia-Capella Hospital, LLC	Delaware	Washington
MPT of Russellville-Capella, LLC	Delaware	Arkansas
MPT of Russellville-Capella Hospital, LLC	Delaware	Arkansas
MPT of Longmont FCER, LLC	Delaware	Colorado
MPT of Port Huron, LLC	Delaware	Michigan
MPT of Frisco-Custer FCER, LLC	Delaware	Texas
MPT of Creekside FCER, LLC	Delaware	Texas
MPT of Morris, LLC	Delaware	New Jersey
MPT of Kershaw-Capella, LLC	Delaware	South Carolina
MPT of Kershaw-Capella Hospital, LLC	Delaware	South Carolina
MPT of Desoto FCER, LLC	Delaware	Texas
MPT of Flagstaff, LLC	Delaware	Arizona
MPT of Highlands Ranch FCER, LLC	Delaware	Colorado
MPT of Marrero FCER, LLC	Delaware	Louisiana

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statements on Form S-3 (Nos. 333-208813 and 333-190543) and Form S-8 (Nos. 333-190533, 333-161409, 333-130337, and 333-1267574) of Medical Properties Trust, Inc. of our report dated February 29, 2016 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appear in this Form 10-K.

PricewaterhouseCoopers LLP
Birmingham, Alabama
February 29, 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statements on Form S-3 (No. 333-190543) of MPT Operating Partnership, L.P. and Subsidiaries of our report dated February 29, 2016 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appear in this Form 10-K.

PricewaterhouseCoopers LLP
Birmingham, Alabama
February 29, 2016

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 annual report on Form 10-K 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 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 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: February 29, 2016

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer

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 annual report on Form 10-K 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 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 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: February 29, 2016

/s/ R. Steven Hamner

R. Steven Hamner

Executive Vice President and Chief Financial Officer

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 annual report on Form 10-K 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 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 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: February 29, 2016

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.
Chairman, President and Chief Executive Officer
of the Sole Member of the General Partner of
MPT Operating Partnership, L.P.

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

I, R. Steven Hamner, certify that:

- 1) I have reviewed this annual report on Form 10-K 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 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 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: February 29, 2016

/s/ R. Steven Hamner

R. Steven Hamner
Executive Vice President and Chief Financial Officer
of the Sole Member of the General Partner of
MPT Operating Partnership, L.P.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002

In connection with this annual report on Form 10-K of Medical Properties Trust, Inc. (the "Company") for the year ended December 31, 2015 (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: February 29, 2016

/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

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 annual report on Form 10-K of MPT Operating Partnership, L.P. (the "Company") for the year ended December 31, 2015 (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: February 29, 2016

/s/ Edward K. Aldag, Jr.

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

/s/ R. Steven Hamner

R. Steven Hamner
Executive Vice President and Chief Financial Officer
of the sole member of the general partner of
MPT Operating Partnership, L.P.