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

FORM 10-Q

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from ____________ to

Commission file number 001-32559

Commission file number 333-177186

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** **(I. R. S. Employer Identification No.)**
1000 URBAN CENTER DRIVE, SUITE 501 **BIRMINGHAM, AL** **(Address of principal executive offices)**	**35242** **(Zip Code)**

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share, of Medical Properties Trust, Inc.	MPW	The New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒ (Medical Properties Trust, Inc. only)	Accelerated filer	☐
Non-accelerated filer	☒ (MPT Operating Partnership, L.P. only)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of November 8, 2024, Medical Properties Trust, Inc. had 600.4 million shares of common stock, par value $0.001, outstanding.

EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the three and nine months ended September 30, 2024 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,” “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 “operating partnership” refer to MPT Operating Partnership, L.P. together with its consolidated subsidiaries.

MEDICAL PROPERTIES TRUST, INC. AND MPT OPERATING PARTNERSHIP, L.P.
AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED September 30, 2024

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)	September 30, 2024 (Unaudited)	December 31, 2023 (Note 2)
Assets		
Real estate assets		
Land, buildings and improvements, intangible lease assets, and other	$ 11,653,954	$ 13,237,187
Investment in financing leases	1,184,992	1,231,630
Real estate held for sale	85,000	—
Mortgage loans	298,221	309,315
Gross investment in real estate assets	13,222,167	14,778,132
Accumulated depreciation and amortization	(1,423,702)	(1,407,971)
Net investment in real estate assets	11,798,465	13,370,161
Cash and cash equivalents	275,616	250,016
Interest and rent receivables	35,142	45,059
Straight-line rent receivables	685,742	635,987
Investments in unconsolidated real estate joint ventures	1,242,772	1,474,455
Investments in unconsolidated operating entities	508,227	1,778,640
Other loans	155,889	292,615
Other assets	534,303	457,911
Total Assets	**$ 15,236,156**	**$ 18,304,844**
Liabilities and Equity		
Liabilities		
Debt, net	$ 9,215,751	$ 10,064,236
Accounts payable and accrued expenses	418,339	412,178
Deferred revenue	24,332	37,962
Obligations to tenants and other lease liabilities	136,635	156,603
Total Liabilities	9,795,057	10,670,979
Equity		
Preferred stock, $0.001 par value. Authorized 10,000 shares; no shares outstanding	—	—
Common stock, $0.001 par value. Authorized 750,000 shares; issued and outstanding — 600,229 shares at September 30, 2024 and 598,991 shares at December 31, 2023	600	599
Additional paid-in capital	8,578,355	8,560,309
Retained deficit	(3,197,505)	(971,809)
Accumulated other comprehensive income	57,114	42,501
Total Medical Properties Trust, Inc. stockholders' equity	5,438,564	7,631,600
Non-controlling interests	2,535	2,265
Total Equity	5,441,099	7,633,865
Total Liabilities and Equity	**$ 15,236,156**	**$ 18,304,844**

See accompanying notes to condensed consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Net Income
(Unaudited)

(In thousands, except per share amounts)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Revenues				
Rent billed	$ 169,721	$ 229,306	$ 552,784	$ 724,954
Straight-line rent	36,602	21,511	119,719	38,875
Income from financing leases	9,798	26,066	53,832	107,729
Interest and other income	9,706	29,693	37,368	122,624
Total revenues	225,827	306,576	763,703	994,182
Expenses				
Interest	106,243	106,709	316,358	308,833
Real estate depreciation and amortization	204,875	77,802	382,701	526,065
Property-related	4,994	6,483	17,475	38,269
General and administrative	36,625	38,110	105,300	115,438
Total expenses	352,737	229,104	821,834	988,605
Other (expense) income				
Gain (loss) on sale of real estate	91,795	(20)	475,196	209
Real estate and other impairment charges, net	(607,922)	(3,750)	(1,438,429)	(93,288)
Earnings (loss) from equity interests	21,643	11,264	(369,565)	34,840
Debt refinancing and unutilized financing (costs) benefit	(713)	862	(3,677)	46
Other (including fair value adjustments on securities)	(169,790)	41,125	(566,821)	25,447
Total other (expense) income	(664,987)	49,481	(1,903,296)	(32,746)
(Loss) income before income tax	(791,897)	126,953	(1,961,427)	(27,169)
Income tax (expense) benefit	(9,032)	(10,058)	(34,538)	134,661
Net (loss) income	(800,929)	116,895	(1,995,965)	107,492
Net income attributable to non-controlling interests	(234)	(185)	(1,458)	(25)
Net (loss) income attributable to MPT common stockholders	**$ (801,163)**	**$ 116,710**	**$ (1,997,423)**	**$ 107,467**
Earnings per common share — basic and diluted				
Net (loss) income attributable to MPT common stockholders	$ (1.34)	$ 0.19	$ (3.33)	$ 0.18
Weighted average shares outstanding — basic	600,229	598,444	600,197	598,363
Weighted average shares outstanding — diluted	600,229	598,553	600,197	598,406
Dividends declared per common share	**$ 0.08**	**$ 0.15**	**$ 0.38**	**$ 0.73**

See accompanying notes to condensed consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)

(In thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Net (loss) income	$ (800,929)	$ 116,895	$ (1,995,965)	$ 107,492
Other comprehensive (loss) income:				
Unrealized loss on interest rate hedges, net of tax	(9,823)	(12,440)	(16,099)	(9,845)
Reclassification of interest rate hedges gain from AOCI to earnings, net of tax	(13,349)	—	(17,354)	(28,553)
Foreign currency translation gain (loss)	114,196	(54,018)	48,066	34,570
Reclassification of foreign currency translation loss from AOCI to earnings	—	—	—	3,234
Total comprehensive (loss) income	(709,905)	50,437	(1,981,352)	106,898
Comprehensive income attributable to non-controlling interests	(234)	(185)	(1,458)	(25)
Comprehensive (loss) income attributable to MPT common stockholders	$ (710,139)	$ 50,252	$ (1,982,810)	$ 106,873

See accompanying notes to condensed consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Equity
(Unaudited)

	Preferred		Common						
(In thousands, except per share amounts)	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interests	Total Equity
Balance at December 31, 2023	—	$ —	598,991	$ 599	$ 8,560,309	$ (971,809)	$ 42,501	$ 2,265	$ 7,633,865
Net (loss) income	—	—	—	—	—	(875,625)	—	248	(875,377)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	—	—	(2,797)	—	(2,797)
Foreign currency translation loss	—	—	—	—	—	—	(58,542)	—	(58,542)
Stock vesting and amortization of stock-based compensation	—	—	1,370	1	7,173	—	—	—	7,174
Stock vesting - satisfaction of tax withholdings	—	—	(57)	—	(283)	—	—	—	(283)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(245)	(245)
Dividends declared adjustment	—	—	—	—	—	572	—	—	572
Balance at March 31, 2024	—	$ —	600,304	$ 600	$ 8,567,199	$ (1,846,862)	$ (18,838)	$ 2,268	$ 6,704,367
Net (loss) income	—	—	—	—	—	(320,635)	—	976	(319,659)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	—	—	(3,479)	—	(3,479)
Reclassification of interest rate hedge gain to earnings, net of tax	—	—	—	—	—	—	(4,005)	—	(4,005)
Foreign currency translation loss	—	—	—	—	—	—	(7,588)	—	(7,588)
Stock vesting and amortization of stock-based compensation	—	—	270	—	7,013	—	—	—	7,013
Stock vesting - satisfaction of tax withholdings	—	—	(517)	—	(2,550)	—	—	—	(2,550)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(349)	(349)
Dividends declared ($0.30 per common share)	—	—	—	—	—	(180,673)	—	—	(180,673)
Balance at June 30, 2024	—	$ —	600,057	$ 600	$ 8,571,662	$ (2,348,170)	$ (33,910)	$ 2,895	$ 6,193,077
Net (loss) income	—	—	—	—	—	(801,163)	—	234	(800,929)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	—	—	(9,823)	—	(9,823)
Reclassification of interest rate hedges gain to earnings, net of tax	—	—	—	—	—	—	(13,349)	—	(13,349)
Foreign currency translation gain	—	—	—	—	—	—	114,196	—	114,196
Stock vesting and amortization of stock-based compensation	—	—	266	—	7,112	—	—	—	7,112
Stock vesting - satisfaction of tax withholdings	—	—	(94)	—	(419)	—	—	—	(419)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(594)	(594)
Dividends declared ($0.08 per common share)	—	—	—	—	—	(48,172)	—	—	(48,172)
Balance at September 30, 2024	—	$ —	600,229	$ 600	$ 8,578,355	$ (3,197,505)	$ 57,114	$ 2,535	$ 5,441,099

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Equity
(Unaudited)

	Preferred		Common						
(In thousands, except per share amounts)	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interests	Total Equity
Balance at December 31, 2022	—	$ —	597,476	$ 597	$ 8,535,140	$ 116,285	$ (59,184)	$ 1,569	$ 8,594,407
Net income	—	—	—	—	—	32,794	—	236	33,030
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	—	—	(15,325)	—	(15,325)
Foreign currency translation gain	—	—	—	—	—	—	28,143	—	28,143
Reclassification of interest rate hedge gain to earnings, net of tax	—	—	—	—	—	—	(28,553)	—	(28,553)
Stock vesting and amortization of stock-based compensation	—	—	1,325	1	11,828	—	—	—	11,829
Stock vesting - satisfaction of tax withholdings	—	—	(499)	—	(5,554)	—	—	—	(5,554)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(231)	(231)
Dividends declared ($0.29 per common share)	—	—	—	—	—	(174,492)	—	—	(174,492)
Balance at March 31, 2023	—	$ —	598,302	$ 598	$ 8,541,414	$ (25,413)	$ (74,919)	$ 1,574	$ 8,443,254
Net loss	—	—	—	—	—	(42,037)	—	(396)	(42,433)
Unrealized gain on interest rate hedges, net of tax	—	—	—	—	—	—	17,920	—	17,920
Foreign currency translation gain	—	—	—	—	—	—	60,445	—	60,445
Reclassification of foreign currency translation loss to earnings	—	—	—	—	—	—	3,234	—	3,234
Stock vesting and amortization of stock-based compensation	—	—	59	—	6,437	—	—	—	6,437
Stock vesting - satisfaction of tax withholdings	—	—	(17)	—	(16)	—	—	—	(16)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(276)	(276)
Dividends declared ($0.29 per common share)	—	—	—	—	—	(173,851)	—	—	(173,851)
Balance at June 30, 2023	—	$ —	598,344	$ 598	$ 8,547,835	$ (241,301)	$ 6,680	$ 902	$ 8,314,714
Net income	—	—	—	—	—	116,710	—	185	116,895
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	—	—	(12,440)	—	(12,440)
Foreign currency translation loss	—	—	—	—	—	—	(54,018)	—	(54,018)
Stock vesting and amortization of stock-based compensation	—	—	156	—	11,453	—	—	—	11,453
Stock vesting - satisfaction of tax withholdings	—	—	(56)	—	(520)	—	—	—	(520)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(200)	(200)
Dividends declared ($0.15 per common share)	—	—	—	—	—	(90,467)	—	—	(90,467)
Balance at September 30, 2023	—	$ —	598,444	$ 598	$ 8,558,768	$ (215,058)	$ (59,778)	$ 887	$ 8,285,417

See accompanying notes to condensed consolidated financial statements.

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

	For the Nine Months Ended September 30, 2024	2023
	(In thousands)	
Operating activities		
Net (loss) income	$ (1,995,965)	$ 107,492
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	387,545	536,200
Amortization of deferred financing costs and debt discount	12,266	11,978
Straight-line rent revenue and other	(127,326)	(174,202)
Stock-based compensation	30,581	29,719
Gain on sale of real estate	(475,196)	(209)
Real estate and other impairment charges, net	1,438,429	93,288
Equity interest real estate impairment	410,790	—
Straight-line rent and other write-off	2,846	150,576
Debt refinancing and unutilized financing costs (benefit)	3,677	(46)
Tax rate changes and other	4,596	(164,535)
Non-cash fair value adjustments	511,472	(42,562)
Non-cash revenue from debt and equity securities received	—	(81,706)
Other adjustments	12,406	15,062
Changes in:		
Interest and rent receivables	4,147	(100,384)
Other assets	(18,884)	(6,701)
Accounts payable and accrued expenses	(20,869)	(6,279)
Deferred revenue	(11,719)	2,677
Net cash provided by operating activities	168,796	370,368
Investing activities		
Acquisitions and other related investments	(105,618)	(235,187)
Net proceeds from sale of real estate	1,761,661	589,420
Proceeds received from sale and repayment of loans receivable	214,416	499,549
Investment in loans receivable	(392,241)	(220,223)
Construction in progress and other	(63,535)	(80,708)
Proceeds from sale and return of equity investments	11,656	12,430
Capital additions and other investments, net	(199,735)	(217,940)
Net cash provided by investing activities	1,226,604	347,341
Financing activities		
Proceeds from term debt	804,188	—
Payments of term debt	(662,968)	(533,864)
Revolving credit facility, net	(1,119,312)	426,515
Dividends paid	(272,909)	(524,155)
Lease deposits and other obligations to tenants	(726)	7,752
Stock vesting - satisfaction of tax withholdings	(3,252)	(6,090)
Other financing activities, payment of debt refinancing, and deferred financing costs	(124,595)	12,243
Net cash used for financing activities	(1,379,574)	(617,599)
Increase in cash, cash equivalents, and restricted cash for period	15,826	100,110
Effect of exchange rate changes	7,969	4,238
Cash, cash equivalents, and restricted cash at beginning of period	255,952	241,538
Cash, cash equivalents, and restricted cash at end of period	**$ 279,747**	**$ 345,886**
Interest paid	$ 349,608	$ 322,006
Supplemental schedule of non-cash investing activities:		
Debt and equity securities received for certain obligations, real estate, and revenue	$ —	$ 804,520
Certain obligations and receivables satisfied and real estate sold	—	722,814
Supplemental schedule of non-cash financing activities:		
Dividends declared, unpaid	$ 48,172	$ 90,467
Cash, cash equivalents, and restricted cash are comprised of the following:		
Beginning of period:		
Cash and cash equivalents	$ 250,016	$ 235,668
Restricted cash, included in Other assets	5,936	5,870
	$ 255,952	$ 241,538
End of period:		
Cash and cash equivalents	$ 275,616	$ 340,058
Restricted cash, included in Other assets	4,131	5,828
	$ 279,747	$ 345,886

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands)	September 30, 2024 (Unaudited)	December 31, 2023 (Note 2)
Assets		
Real estate assets		
Land, buildings and improvements, intangible lease assets, and other	$ 11,653,954	$ 13,237,187
Investment in financing leases	1,184,992	1,231,630
Real estate held for sale	85,000	—
Mortgage loans	298,221	309,315
Gross investment in real estate assets	13,222,167	14,778,132
Accumulated depreciation and amortization	(1,423,702)	(1,407,971)
Net investment in real estate assets	11,798,465	13,370,161
Cash and cash equivalents	275,616	250,016
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Straight-line rent receivables	685,742	635,987
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Investments in unconsolidated operating entities	508,227	1,778,640
Other loans	155,889	292,615
Other assets	534,303	457,911
Total Assets	**$ 15,236,156**	**$ 18,304,844**
Liabilities and Capital		
Liabilities		
Debt, net	$ 9,215,751	$ 10,064,236
Accounts payable and accrued expenses	369,777	318,980
Deferred revenue	24,332	37,962
Obligations to tenants and other lease liabilities	136,635	156,603
Payable due to Medical Properties Trust, Inc.	48,172	92,808
Total Liabilities	9,794,667	10,670,589
Capital		
General Partner — issued and outstanding — 6,004 units at September 30, 2024 and 5,991 units at December 31, 2023	53,893	75,969
Limited Partners — issued and outstanding — 594,225 units at September 30, 2024 and 593,000 units at December 31, 2023	5,327,947	7,513,520
Accumulated other comprehensive income	57,114	42,501
Total MPT Operating Partnership, L.P. capital	5,438,954	7,631,990
Non-controlling interests	2,535	2,265
Total Capital	5,441,489	7,634,255
Total Liabilities and Capital	**$ 15,236,156**	**$ 18,304,844**

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Net Income
(Unaudited)

(In thousands, except per unit amounts)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Revenues				
Rent billed	$ 169,721	$ 229,306	$ 552,784	$ 724,954
Straight-line rent	36,602	21,511	119,719	38,875
Income from financing leases	9,798	26,066	53,832	107,729
Interest and other income	9,706	29,693	37,368	122,624
Total revenues	225,827	306,576	763,703	994,182
Expenses				
Interest	106,243	106,709	316,358	308,833
Real estate depreciation and amortization	204,875	77,802	382,701	526,065
Property-related	4,994	6,483	17,475	38,269
General and administrative	36,625	38,110	105,300	115,438
Total expenses	352,737	229,104	821,834	988,605
Other (expense) income				
Gain (loss) on sale of real estate	91,795	(20)	475,196	209
Real estate and other impairment charges, net	(607,922)	(3,750)	(1,438,429)	(93,288)
Earnings (loss) from equity interests	21,643	11,264	(369,565)	34,840
Debt refinancing and unutilized financing (costs) benefit	(713)	862	(3,677)	46
Other (including fair value adjustments on securities)	(169,790)	41,125	(566,821)	25,447
Total other (expense) income	(664,987)	49,481	(1,903,296)	(32,746)
(Loss) income before income tax	(791,897)	126,953	(1,961,427)	(27,169)
Income tax (expense) benefit	(9,032)	(10,058)	(34,538)	134,661
Net (loss) income	(800,929)	116,895	(1,995,965)	107,492
Net income attributable to non-controlling interests	(234)	(185)	(1,458)	(25)
Net (loss) income attributable to MPT Operating Partnership partners	**$ (801,163)**	**$ 116,710**	**$ (1,997,423)**	**$ 107,467**
Earnings per unit — basic and diluted				
Net (loss) income attributable to MPT Operating Partnership partners	$ (1.34)	$ 0.19	$ (3.33)	$ 0.18
Weighted average units outstanding — basic	600,229	598,444	600,197	598,363
Weighted average units outstanding — diluted	600,229	598,553	600,197	598,406
Dividends declared per unit	**$ 0.08**	**$ 0.15**	**$ 0.38**	**$ 0.73**

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)

(In thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Net (loss) income	$ (800,929)	$ 116,895	$ (1,995,965)	$ 107,492
Other comprehensive (loss) income:				
Unrealized loss on interest rate hedges, net of tax	(9,823)	(12,440)	(16,099)	(9,845)
Reclassification of interest rate hedges gain from AOCI to earnings, net of tax	(13,349)	—	(17,354)	(28,553)
Foreign currency translation gain (loss)	114,196	(54,018)	48,066	34,570
Reclassification of foreign currency translation loss from AOCI to earnings	—	—	—	3,234
Total comprehensive (loss) income	(709,905)	50,437	(1,981,352)	106,898
Comprehensive income attributable to non-controlling interests	(234)	(185)	(1,458)	(25)
Comprehensive (loss) income attributable to MPT Operating Partnership partners	$ (710,139)	$ 50,252	$ (1,982,810)	$ 106,873

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Capital
(Unaudited)

	General Partner		**Limited Partners**		**Accumulated Other Comprehensive (Loss) Income**	**Non-Controlling Interests**	**Total Capital**
(In thousands, except per unit amounts)	**Units**	**Unit Value**	**Units**	**Unit Value**			
Balance at December 31, 2023	5,991	$ 75,969	593,000	$ 7,513,520	$ 42,501	$ 2,265	$ 7,634,255
Net (loss) income	—	(8,756)	—	(866,869)	—	248	(875,377)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	(2,797)	—	(2,797)
Foreign currency translation loss	—	—	—	—	(58,542)	—	(58,542)
Unit vesting and amortization of unit-based compensation	14	72	1,356	7,102	—	—	7,174
Unit vesting - satisfaction of tax withholdings	(1)	(3)	(56)	(280)	—	—	(283)
Distributions to non-controlling interests	—	—	—	—	—	(245)	(245)
Distributions declared adjustment	—	6	—	566	—	—	572
Balance at March 31, 2024	6,004	$ 67,288	594,300	$ 6,654,039	$ (18,838)	$ 2,268	$ 6,704,757
Net (loss) income	—	(3,206)	—	(317,429)	—	976	(319,659)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	(3,479)	—	(3,479)
Reclassification of interest rate hedge gain to earnings, net of tax	—	—	—	—	(4,005)	—	(4,005)
Foreign currency translation loss	—	—	—	—	(7,588)	—	(7,588)
Unit vesting and amortization of unit-based compensation	3	70	267	6,943	—	—	7,013
Unit vesting - satisfaction of tax withholdings	(5)	(25)	(512)	(2,525)	—	—	(2,550)
Distributions to non-controlling interests	—	—	—	—	—	(349)	(349)
Distributions declared ($0.30 per unit)	—	(1,807)	—	(178,866)	—	—	(180,673)
Balance at June 30, 2024	6,002	$ 62,320	594,055	$ 6,162,162	$ (33,910)	$ 2,895	$ 6,193,467
Net (loss) income	—	(8,012)	—	(793,151)	—	234	(800,929)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	(9,823)	—	(9,823)
Reclassification of interest rate hedge gain to earnings, net of tax	—	—	—	—	(13,349)	—	(13,349)
Foreign currency translation gain	—	—	—	—	114,196	—	114,196
Unit vesting and amortization of unit-based compensation	3	71	263	7,041	—	—	7,112
Unit vesting - satisfaction of tax withholdings	(1)	(4)	(93)	(415)	—	—	(419)
Distributions to non-controlling interests	—	—	—	—	—	(594)	(594)
Distributions declared ($0.08 per unit)	—	(482)	—	(47,690)	—	—	(48,172)
Balance at September 30, 2024	6,004	$ 53,893	594,225	$ 5,327,947	$ 57,114	$ 2,535	$ 5,441,489

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Capital
(Unaudited)

	General Partner		Limited Partners		Accumulated Other	Non-	
(In thousands, except per unit amounts)	**Units**	**Unit Value**	**Units**	**Unit Value**	**Comprehensive (Loss) Income**	**Controlling Interests**	**Total Capital**
Balance at December 31, 2022	5,976	$ 86,599	591,500	$ 8,565,813	$ (59,184)	$ 1,569	$ 8,594,797
Net income	—	328	—	32,466	—	236	33,030
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	(15,325)	—	(15,325)
Foreign currency translation gain	—	—	—	—	28,143	—	28,143
Reclassification of interest rate hedge gain to earnings, net of tax	—	—	—	—	(28,553)	—	(28,553)
Unit vesting and amortization of unit-based compensation	13	118	1,312	11,711	—	—	11,829
Unit vesting - satisfaction of tax withholdings	(5)	(56)	(494)	(5,498)	—	—	(5,554)
Distributions to non-controlling interests	—	—	—	—	—	(231)	(231)
Distributions declared ($0.29 per unit)	—	(1,745)	—	(172,747)	—	—	(174,492)
Balance at March 31, 2023	5,984	$ 85,244	592,318	$ 8,431,745	$ (74,919)	$ 1,574	$ 8,443,644
Net loss	—	(420)	—	(41,617)	—	(396)	(42,433)
Unrealized gain on interest rate hedges, net of tax	—	—	—	—	17,920	—	17,920
Foreign currency translation gain	—	—	—	—	60,445	—	60,445
Reclassification of foreign currency translation loss to earnings	—	—	—	—	3,234	—	3,234
Unit vesting and amortization of unit-based compensation	1	64	58	6,373	—	—	6,437
Unit vesting - satisfaction of tax withholdings	—	—	(17)	(16)	—	—	(16)
Distributions to non-controlling interests	—	—	—	—	—	(276)	(276)
Distributions declared ($0.29 per unit)	—	(1,739)	—	(172,112)	—	—	(173,851)
Balance at June 30, 2023	5,985	$ 83,149	592,359	$ 8,224,373	$ 6,680	$ 902	$ 8,315,104
Net income	—	1,167	—	115,543	—	185	116,895
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	(12,440)	—	(12,440)
Foreign currency translation loss	—	—	—	—	(54,018)	—	(54,018)
Unit vesting and amortization of unit-based compensation	2	115	154	11,338	—	—	11,453
Unit vesting - satisfaction of tax withholdings	(1)	(5)	(55)	(515)	—	—	(520)
Distributions to non-controlling interests	—	—	—	—	—	(200)	(200)
Distributions declared ($0.15 per unit)	—	(905)	—	(89,562)	—	—	(90,467)
Balance at September 30, 2023	5,986	$ 83,521	592,458	$ 8,261,177	$ (59,778)	$ 887	$ 8,285,807

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
	(In thousands)	
Operating activities		
Net (loss) income	$ (1,995,965)	$ 107,492
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	387,545	536,200
Amortization of deferred financing costs and debt discount	12,266	11,978
Straight-line rent revenue and other	(127,326)	(174,202)
Unit-based compensation	30,581	29,719
Gain on sale of real estate	(475,196)	(209)
Real estate and other impairment charges, net	1,438,429	93,288
Equity interest real estate impairment	410,790	—
Straight-line rent and other write-off	2,846	150,576
Debt refinancing and unutilized financing costs (benefit)	3,677	(46)
Tax rate changes and other	4,596	(164,535)
Non-cash fair value adjustments	511,472	(42,562)
Non-cash revenue from debt and equity securities received	—	(81,706)
Other adjustments	12,406	15,062
Changes in:		
Interest and rent receivables	4,147	(100,384)
Other assets	(18,884)	(6,701)
Accounts payable and accrued expenses	(20,869)	(6,279)
Deferred revenue	(11,719)	2,677
Net cash provided by operating activities	168,796	370,368
Investing activities		
Acquisitions and other related investments	(105,618)	(235,187)
Net proceeds from sale of real estate	1,761,661	589,420
Proceeds received from sale and repayment of loans receivable	214,416	499,549
Investment in loans receivable	(392,241)	(220,223)
Construction in progress and other	(63,535)	(80,708)
Proceeds from sale and return of equity investments	11,656	12,430
Capital additions and other investments, net	(199,735)	(217,940)
Net cash provided by investing activities	1,226,604	347,341
Financing activities		
Proceeds from term debt	804,188	—
Payments of term debt	(662,968)	(533,864)
Revolving credit facility, net	(1,119,312)	426,515
Distributions paid	(272,909)	(524,155)
Lease deposits and other obligations to tenants	(726)	7,752
Unit vesting - satisfaction of tax withholdings	(3,252)	(6,090)
Other financing activities, payment of debt refinancing, and deferred financing costs	(124,595)	12,243
Net cash used for financing activities	(1,379,574)	(617,599)
Increase in cash, cash equivalents, and restricted cash for period	15,826	100,110
Effect of exchange rate changes	7,969	4,238
Cash, cash equivalents, and restricted cash at beginning of period	255,952	241,538
Cash, cash equivalents, and restricted cash at end of period	**$ 279,747**	**$ 345,886**
Interest paid	$ 349,608	$ 322,006
Supplemental schedule of non-cash investing activities:		
Debt and equity securities received for certain obligations, real estate, and revenue	$ —	$ 804,520
Certain obligations and receivables satisfied and real estate sold	—	722,814
Supplemental schedule of non-cash financing activities:		
Distributions declared, unpaid	$ 48,172	$ 90,467
Cash, cash equivalents, and restricted cash are comprised of the following:		
Beginning of period:		
Cash and cash equivalents	$ 250,016	$ 235,668
Restricted cash, included in Other assets	5,936	5,870
	$ 255,952	$ 241,538
End of period:		
Cash and cash equivalents	$ 275,616	$ 340,058
Restricted cash, included in Other assets	4,131	5,828
	$ 279,747	$ 345,886

See accompanying notes to condensed consolidated financial statements.

1. Organization

Medical Properties Trust, Inc., a Maryland corporation, was formed on August 27, 2003, under the Maryland General Corporation Law 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 substantially all of our operations, was formed in September 2003. At present, we own, directly and indirectly, all of the 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 operate as a real estate investment trust ("REIT"). Accordingly, we are generally not subject to United States ("U.S.") federal income tax on our REIT taxable income, provided that we continue to qualify as a REIT and our distributions to our stockholders equal or exceed such taxable income. Similarly, the majority of our real estate operations in the United Kingdom ("U.K.") operate as a REIT and generally are subject only to a withholding tax on earnings upon distribution out of the U.K. REIT. Certain non-real estate activities we undertake in the U.S. are conducted by entities which we elected to be treated as taxable REIT subsidiaries ("TRS"). Our TRS entities are subject to both U.S. federal and state income taxes. For our properties located outside the U.S. (excluding those assets that are in the U.K. REIT), we are subject to the local income taxes of the jurisdictions where our properties reside and/or legal entities are domiciled; however, we do not expect to incur additional taxes, of a significant nature, in the U.S. from foreign-based income as the majority of such income flows through our REIT.

Our primary business strategy is to 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. The majority of our leased assets are owned 100%; however, we do own some leased assets through joint ventures with other partners that share our view that healthcare facilities are part of the infrastructure of any community, which we refer to as investments in unconsolidated real estate joint ventures. We also may make mortgage loans to healthcare operators collateralized by their real estate. In addition, we may make noncontrolling investments in our tenants (which we refer to as investments in unconsolidated operating entities), from time-to-time, typically in conjunction with larger real estate transactions with the tenant, which may enhance our overall return and provide for certain minority rights and protections.

Our business model facilitates acquisitions and recapitalizations, and allows operators of healthcare facilities to unlock the value of their real estate to fund facility improvements, technology upgrades, and other investments in operations. At September 30, 2024, we have investments in 402 facilities in 31 states in the U.S., in seven countries in Europe, and one country in South America. Our properties consist of general acute care hospitals, behavioral health facilities, post acute care facilities (including inpatient physical rehabilitation facilities and long-term acute care hospitals), and freestanding ER/urgent care facilities. We manage our business as a single business segment.

2. Summary of Significant Accounting Policies

Unaudited Interim Condensed Consolidated Financial Statements: The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information, including rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included. Operating results for the three and nine months ended September 30, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The condensed consolidated balance sheet at December 31, 2023 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements.

The preparation of our condensed consolidated financial statements in conformity with GAAP 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 condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We believe the estimates and assumptions underlying our condensed consolidated financial statements are reasonable and supportable based on the information available as of September 30, 2024, (particularly as it relates to our assessments of the recoverability of our real estate, the ability of our tenants/borrowers to make lease/loan payments in accordance with their respective agreements, the fair value of our equity and loan investments, and the adequacy of our credit loss reserves on loans and financing receivables).

For information about significant accounting policies, and how actual results could differ from estimates, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to these significant accounting policies.

Reclassifications

Certain amounts in the condensed consolidated financial statements for prior periods have been reclassified to conform to the current period presentation.

Variable Interest Entities

At September 30, 2024, we had loans and/or equity investments in certain variable interest entities ("VIEs"), which may also be tenants of our facilities. We have determined that we were 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 at September 30, 2024 are presented below (in thousands):

VIE Type	Carrying Amount(1)	Asset Type Classification	Maximum Loss Exposure(2)
Loans, net and equity investments	$ 201,526	Investments in Unconsolidated Operating Entities	$ 201,526
Loans, net	141,464	Mortgage and other loans	141,544

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

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

For the VIE types above, we do not consolidate the VIEs 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 September 30, 2024, we were not required to provide financial support through a liquidity arrangement or otherwise to our unconsolidated VIEs, including circumstances in which they could be exposed to further losses (e.g. cash short falls).

Recent Accounting Developments

Segment Reporting

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07") to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We are finalizing our assessment of the impact of adopting this standard and expect to have additional disclosures in our Form 10-K for the year ended December 31, 2024.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09") which focuses on income tax disclosures regarding effective tax rates and cash income taxes paid. This standard requires public entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit disaggregated by domestic and foreign, and (3) provide additional information for certain reconciling items at or above a quantitative threshold of 5% of the statutory tax. Additionally, this standard requires disclosure of income taxes paid (net of refunds), separated by international, federal, state, and local jurisdictions. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. We plan to adopt and include the necessary additional required disclosures in our filings in 2025.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03") to improve the disclosures about a public company's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. ASU 2024-03 is effective for annual periods beginning after December 15, 2026. We are currently evaluating the potential impact of the adoption of this standard on our consolidated financial statements.

3. Real Estate and Other Activities

New Investments

We acquired or invested in the following net assets (in thousands):

	For the Nine Months Ended September 30,	
	2024	2023
Land and land improvements	$ —	$ 28,916
Buildings	—	114,966
Intangible lease assets — subject to amortization (weighted-average useful life of 24.8 years for 2023)	—	16,305
Investments in unconsolidated real estate joint ventures	107,908	—
Investments in unconsolidated operating entities	—	50,000
Other loans	—	25,000
Liabilities assumed	(2,290)	—
	$ 105,618	$ 235,187
Loans repaid(1)	—	(22,900)
Total net assets acquired	$ 105,618	$ 212,287

(1) The 2023 column includes a $23 million mortgage loan that was converted to fee simple ownership of one property as described under Lifepoint Transaction below.

2024 Activity

Utah Transaction

On April 12, 2024, we sold our interests in five Utah hospitals for an aggregate agreed valuation of approximately $1.2 billion to a newly formed joint venture (the "Utah partnership") with an institutional asset manager (the "Fund"), which we call the Utah Transaction, and we recognized a gain on real estate of approximately $380 million, partially offset by a $20 million write-off of unbilled straight-line rent receivables. We retained an approximately 25% interest in the Utah partnership valued initially at approximately $108 million, which is being accounted for on the equity method on a quarterly lag basis and included in the "Investments in unconsolidated real estate joint ventures" line of the condensed consolidated balance sheets. The Fund purchased an approximate 75% interest for $886 million. In conjunction with this transaction closing, the Utah partnership placed new non-recourse secured financing, providing $190 million of additional cash to us. In total, the Utah Transaction generated $1.1 billion of cash to us.

The Utah lessee (an affiliate of CommonSpirit Health ("CommonSpirit")) may acquire the leased real estate at a price equal to the greater of fair market value and the approximate $1.2 billion lease base at the fifth or tenth anniversary of the 2023 master lease commencement. We granted the Fund certain limited and conditional preferences based on the possible execution of the purchase option, which we accounted for as a derivative liability with an initial value of approximately $2.3 million.

2023 Activity

Prospect Transaction

In August 2019, we invested in a portfolio of 14 acute care hospitals in three states (California, Pennsylvania, and Connecticut) operated by and master leased to or mortgaged by Prospect Medical Holdings, Inc. ("Prospect") for a combined investment of approximately $1.5 billion. In addition, we originated a $112.9 million term loan cross-defaulted to the master lease and mortgage loan agreements and further secured by a parent guaranty. In the 2022 second quarter, we funded an additional $100 million towards the existing mortgage loan that was secured by a first lien on a California hospital. Prospect's operations were negatively impacted by the coronavirus global pandemic commencing in early 2020, but Prospect remained current with respect to contractual rent and interest payments until the fourth quarter of 2022. Accordingly, and due further to the termination of certain refinancing negotiations between Prospect and certain third parties in early 2023 that would have recapitalized Prospect and provided for payment of unpaid rent and interest, we recorded an approximate $280 million impairment charge in the 2022 fourth quarter. As part of this charge, we reduced the carrying value of the underperforming Pennsylvania properties by approximately $170 million (to approximately $250 million) and reserved all unbilled rent accruals for a total of $112 million.

However, Prospect continued to pursue a recapitalization plan, and, in late March 2023, Prospect received a binding commitment from several lenders to provide liquidity to pay down certain debt instruments. Along with these commitments from third-party lenders, we agreed to pursue certain transactions with Prospect as part of their recapitalization plan, including originating a $50 million convertible loan to PHP Holdings, the managed care business of Prospect, in the first quarter of 2023.

On May 23, 2023, Prospect completed its recapitalization plan, which included receiving $375 million in new financing from several lenders. Along with this new debt capital from third-party lenders, we agreed to the following restructuring of our then $1.7 billion investment in Prospect including: a) maintaining the master lease covering six California hospitals without any changes in rental rates or escalator provisions, but with cash payments starting in September 2023 for a substantial portion of the contractual monthly rent due on these California properties, b) transitioning the Pennsylvania properties back to Prospect in return for a $150 million first lien mortgage on the facilities, c) providing up to $75 million in a loan secured by a first lien on Prospect's accounts receivable and certain other assets, of which we funded in full during 2023, d) continuing to pursue the sale of the three Connecticut properties to Yale New Haven ("Yale"), as more fully described in Note 9 to the condensed consolidated financial statements, and e) obtaining a non-controlling ownership interest in PHP Holdings of approximately $654 million consisting of an approximate $68 million equity investment and $586 million loan convertible into equity of PHP Holdings (collectively, the "Prospect Transaction"). This non-controlling ownership interest was received in exchange for unpaid rent and interest through December 2022, previously unrecorded rent and interest revenue in 2023 totaling approximately $82 million, our $151 million mortgage loan on a California property, our $112.9 million term loan, and other obligations at the time of such investment.

Lifepoint Transaction

On February 7, 2023, a subsidiary of Lifepoint Health, Inc. ("Lifepoint") acquired a majority interest in Springstone (now Lifepoint Behavioral Health, "Lifepoint Behavioral") (the "Lifepoint Transaction") based on an enterprise value of $250 million. As part of the transaction, we received approximately $205 million in full satisfaction of our initial acquisition loan, including accrued interest, and we retained our minority equity investment in the operations of Lifepoint Behavioral. Separately, we converted a mortgage loan (as part of our initial acquisition in 2021) into the fee simple ownership of a property in Washington, which is leased, along with other behavioral health hospitals, to Lifepoint Behavioral, under a master lease agreement. In connection with the Lifepoint Transaction, Lifepoint extended its lease on eight existing general acute care hospitals by five years to 2041.

In the first quarter of 2024, we sold our minority equity investment in Lifepoint Behavioral for approximately $12 million.

Other Transactions

In the second quarter of 2023, we acquired three inpatient rehabilitation facilities for a total of approximately €70 million (approximately $77 million). These hospitals are leased to Median Kliniken S.á.r.l ("MEDIAN") pursuant to a long-term master lease with annual inflation-based escalators.

On April 14, 2023, we acquired five behavioral health hospitals located in the U.K. for approximately £44 million (approximately $58 million). These hospitals are leased to Priory Group ("Priory") pursuant to five separate lease agreements with annual inflation-based escalators.

Development Activities

See table below for a status summary of our current development projects (in thousands):

Property	Commitment	Costs Incurred as of September 30, 2024	Estimated Rent Commencement Date
IMED Hospitales ("IMED") (Spain)	$ 38,974	$ 31,445	3Q 2025
IMED (Spain)	53,427	21,594	3Q 2026
	$ 92,401	$ 53,039	

We have two other development projects ongoing in Texas (Texarkana development) and Massachusetts (Norwood redevelopment). These are not highlighted above; however, on a combined basis, we have spent approximately $400 million through September 30, 2024.

Separately, on the Norwood redevelopment, we recovered cash in November 2024 that was in excess of our recovery receivable (included in "Other assets" in the condensed consolidated balance sheets), resulting in a $24 million additional recovery in the 2024 third quarter.

2024 Activity

During the first quarter of 2024, we completed construction and began recording rental income on a $35.4 million behavioral health facility located in McKinney, Texas, that is leased to Lifepoint Behavioral. We also completed construction and began recording rental income on a €46 million (approximately $49.0 million) general acute care facility located in Spain that is leased to IMED.

2023 Activity

During the first nine months of 2023, we completed construction and began recording rental income on one inpatient rehabilitation facility located in Lexington, South Carolina, which commenced rent on July 1, 2023, and another inpatient rehabilitation facility located in Stockton, California, which commenced rent on May 1, 2023. Both of these facilities are leased to Ernest Health, Inc. ("Ernest") pursuant to an existing long-term master lease.

Disposals

2024 Activity

During the first nine months of 2024, we had the following disposal activities:

- See Utah Transaction above for a discussion of the five Utah hospitals sold on April 12, 2024.
- On April 9, 2024, we sold five properties to Prime Healthcare Services, Inc. ("Prime") for total proceeds of approximately $250 million along with a $100 million interest-bearing mortgage loan (which was fully repaid on August 29, 2024). This transaction resulted in a gain on real estate of approximately $53 million, partially offset by a non-cash straight-line rent write-off of approximately $30 million. As part of this sale transaction, we extended the lease maturity of four other facilities with Prime to 2044. This amended lease has inflation-based escalators, collared between 2% and 4%, and a purchase option on or prior to August 26, 2028 for a value of $238 million, which is greater than our net book value for these properties at September 30, 2024. After August 26, 2028, this option price reverts to $260 million (subject to annual escalations).
- On July 23, 2024, we sold the 50-bed Arizona General Hospital in Mesa, Arizona and seven freestanding emergency departments to Dignity Health ("Dignity") for $160 million. This sale resulted in a gain on real estate of approximately $85 million, partially offset by a non-cash straight-line rent write-off of approximately $20 million.
- On August 14, 2024, we sold 11 freestanding emergency departments to UCHealth for $86 million. This sale resulted in a gain on real estate of approximately $40 million, partially offset by a non-cash straight-line rent write-off of approximately $16 million.
- As a result of the Company's global settlement with Steward Health Care System ("Steward") approved by the bankruptcy court on September 18, 2024 (as discussed further under "Leasing Operations (Lessor)" under this same Note 3), we agreed to sell three facilities located in Florida ("Space Coast" properties) to Orlando Health. As such, we designated these properties as held for sale at September 30, 2024 and adjusted the value of our investment, after considering the provisions of the settlement agreement, to $45 million, equal to fair value less cost to sell.
- In the third quarter of 2024, Pajaro Valley Healthcare District Corporation notified us of their intent to exercise their purchase option on the Watsonville facility. As such, we designated this property as held for sale at September 30, 2024 under a sales-type lease. This transaction, which closed on October 31, 2024, resulted in an approximate $4 million gain in the third quarter of 2024.
- During the first nine months of 2024, we also completed the sale of four other facilities and two ancillary facilities for approximately $9 million, resulting in a loss on real estate of approximately $2 million.

Summary of Operations for Disposed (or to be Disposed) Assets in 2024

The following represents the operating results from the five properties sold as part of the Utah Transaction, the five Prime properties sold in April 2024, the eight properties sold to Dignity Health, the 11 properties sold to UCHealth, and the properties designated as held for sale at September 30, 2024 (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues(1)	$ 5,305	$ 64,318	$ 67,672	$ 106,435
Real estate depreciation and amortization(2)	(10,429)	(12,101)	(24,213)	(324,720)
Property-related expenses	134	(600)	(4,017)	(6,252)
Real estate impairment charges(3)	(129,159)	—	(129,159)	—
Other income (expense)(4)	91,728	(29)	476,999	(77)
(Expense) income from real estate dispositions, net	$ (42,421)	$ 51,588	$ 387,282	$ (224,614)

(1) The nine month 2023 column includes an approximate $95 million write-off of straight-line rent receivables related to the hospital operations of the five Utah facilities that were acquired by CommonSpirit on May 1, 2023.

(2) The nine month 2023 column includes approximately $286 million of lease intangible amortization acceleration related to the hospital operations of the five Utah facilities that were acquired by CommonSpirit on May 1, 2023.

(3) Includes the charge associated with the three Space Coast facilities in the third quarter of 2024 due to the global settlement reached with Steward and its lenders.

(4) The 2024 columns include approximately $24 million of gains (net of approximately $16 million write-off of straight line receivables) related to the UCHealth disposal and $65 million of gains (net of approximately $20 million write-off of straight-line rent receivables) related to the Dignity disposal. In addition, the nine month 2024 column includes $360 million of gains (net of approximately $20 million write-off of straight-line rent receivables) related to the Utah Transaction and $23 million of gains (net of $30 million write-off of straight-line rent receivables) related to the sale of five Prime properties.

2023 Activity

On March 30, 2023, we entered into a definitive agreement to sell our 11 general acute care facilities located in Australia and operated by Healthscope Ltd. ("Healthscope") (the "Australia Transaction") to affiliates of HMC Capital for cash proceeds of approximately A$1.2 billion. As a result, we designated the Australian portfolio as held for sale in the first quarter of 2023 and recorded approximately $79 million of net impairment charges at that time, which included $37.4 million of straight-line rent receivable write-offs and approximately $8 million in fees to sell the hospitals, partially offset by approximately $16 million of gains from our interest rate swap and foreign currency translation amounts in accumulated other comprehensive income that were reclassified to earnings in 2023 as part of the transaction. This transaction closed in two phases. The first phase closed on May 18, 2023, in which we sold seven of the 11 facilities for A$730 million, and the final phase closed on October 10, 2023, in which we sold the remaining four facilities for approximately A$470 million.

On March 8, 2023, we received notice that Prime planned to exercise its right to repurchase from us the real estate associated with one master lease for approximately $100 million. As such, we recorded an approximate $11 million impairment charge in the first quarter of 2023 related to non-cash rent receivables on the three facilities that were sold on July 11, 2023.

Leasing Operations (Lessor)

We acquire and develop healthcare facilities and lease the facilities to healthcare operating companies. The initial fixed lease terms of these infrastructure-type assets are typically at least 15 years, and most include renewal options at the election of our tenants, generally in five year increments. Over 99% of our leases provide annual rent escalations based on increases in the Consumer Price Index ("CPI") (or similar indices outside the U.S.) and/or fixed minimum annual rent escalations. Many of our domestic leases contain purchase options with pricing set at various terms but in no case less than our total initial investment. Our leases typically require the tenant to handle and bear most of the costs associated with our properties including repair/maintenance, property taxes, and insurance.

For all of our properties subject to lease, we are the legal owner of the property and the tenant's right to use and possess such property is guided by the terms of a lease. At September 30, 2024, we account for all of these leases as operating leases, except where GAAP requires alternative classification, including leases on 13 Ernest facilities that are accounted for as direct financing leases and leases on nine of our Prospect facilities and five of our Ernest facilities that are accounted for as a financing. The components of our total investment in financing leases consisted of the following (in thousands):

	As of September 30, 2024	As of December 31, 2023
Minimum lease payments receivable	$ 596,274	$ 611,669
Estimated unguaranteed residual values	203,818	203,818
Less: Unearned income and allowance for credit loss	(553,772)	(571,059)
Net investment in direct financing leases	246,320	244,428
Other financing leases (net of allowance for credit loss)	938,672	987,202
Total investment in financing leases	$ 1,184,992	$ 1,231,630

Other Leasing Activities

At September 30, 2024, our vacant properties represent less than 1% of total assets. We are in various stages of either re-leasing or selling these vacant properties.

Our tenants' 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. Our tenants operate in the healthcare industry, which is highly regulated, and changes in regulation (or delays in enacting regulation) may temporarily impact our tenants' operations until they are able to make the appropriate adjustments to their business. In addition, our tenants may experience operational challenges from time-to-time as a result of many factors, including those external to them, such as cybersecurity attacks or public health crises (like the COVID-19 pandemic), economic issues resulting in high inflation and spikes in labor costs, extreme or severe weather and climate-related events, and adverse market and political conditions. We monitor our tenants' operating results and the potential impact from these challenges. We may elect to provide support to our tenants from time-to-time in the form of short-term rent deferrals to be paid back in full (like as described below under Pipeline Health System), or in the form of temporary loans (like as described previously in the Prospect Transaction). See below for an update on some of our tenants:

Steward Health Care System

As discussed in previous filings, Steward has experienced significant operational and liquidity challenges and filed for Chapter 11 bankruptcy on May 6, 2024 with the United States Bankruptcy Court for the Southern District of Texas. On September 11, 2024, the bankruptcy court entered an interim order approving a global settlement between Steward, its lenders, the unsecured creditors committee, and the Company. The interim order was made final by the bankruptcy court on September 18, 2024. The order provided for the following: a) termination of our master lease with Steward; b) the release of claims against 23 of our properties, allowing us to begin the process of re-tenanting or selling these properties; and c) a full release of claims against us from all parties. In return, we agreed to provide $395 million to the Steward estate from the proceeds of the sale of the Space Coast properties along with a full release of our claims in Steward including claims to past due rent and interest, outstanding loans, and our equity investment.

With this global settlement, our relationship with Steward effectively ends with no remaining Steward exposure on our condensed consolidated balance sheets at September 30, 2024, other than from the re-tenanting or selling of formerly leased Steward properties that are currently not under lease.

In regard to our real estate partnership with Macquarie Asset Management ("Macquarie"), the bankruptcy court approved the termination of the partnership's master lease with Steward during the 2024 third quarter. In addition, we and Macquarie entered into an agreement with the mortgage lender of the partnership to transition the eight Massachusetts properties to them along with cash proceeds of approximately $40 million (representing our share), in return for full payment of the underlying mortgage debt and a release of claims against each party.

Impairment Charges

Due to the events discussed above, we recorded real estate and other impairment charges, net of approximately $600 million and $1.6 billion for the three and nine months ended September 30, 2024, which included the following (in millions):

Description	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2024
Working capital and other loans	$ 425	$ 787
Real estate, primarily Space Coast facilities	180	277
Investment in Massachusetts partnership(1)	—	445
9.9% equity investment in Steward	—	36
Property taxes, insurance and other, net	(2)	18
Total real estate and other impairment charges, net	$ 603	$ 1,563

(1) $410 million of this charge was recorded in the "Earnings (loss) from equity interests" line of our condensed consolidated statements of net income.

In addition with the lease termination discussed above, we accelerated the amortization on the related in-place lease intangibles resulting in $115 million and $149 million of amortization expense in the three and nine months ended September 30, 2024 as reflected in the real estate depreciation and amortization line of our condensed consolidated statements of net income.

Re-tenanting Activity

Subsequent to the release of claims on the 23 properties as part of the global settlement, we reached definitive agreements with five operators (Healthcare Systems of America, Honor Health, Insight Health, Quorum Health, and College Health) to lease 17 of these facilities during and shortly after the quarter ending September 30, 2024. Excluding the two developments, the remaining four properties (with a net book value of less than 1% of our total assets) are in various stages of being re-tenanted or sold.

Other Activity

During 2024, we received and recorded rent and interest revenue from Steward of $10 million and $40 million for the three and nine months ended September 30, 2024, respectively. In addition, we were benefited from rent paid by Steward to the Massachusetts partnership of $76 million ($38 million representing our share) for the nine months ended September 30, 2024.

Subsequent to September 30, 2024, the sale of the Space Coast properties to Orlando Health was completed, and the Steward bankruptcy estate retained $395 million of the approximately $440 million total proceeds as discussed above.

<u>Prospect</u>

We lease real estate assets to Prospect in California and Connecticut and have a mortgage loan secured by four properties in Pennsylvania. Our total real estate investment is approximately $1 billion at September 30, 2024. Starting January 1, 2023, we began accounting for our leases and loans to Prospect on a cash basis versus our normal accrual method. In the first nine months of 2024, we recognized approximately $25 million of revenue representing cash received for rents on our California properties. In addition, we received and recorded approximately $3.8 million of interest on the asset-backed loan in 2024. However, Prospect did not make any scheduled rent or interest payments in the 2024 third quarter, resulting in no revenue recorded in the period. Although we believe our remaining real estate and asset-backed loan investments are recoverable at September 30, 2024, no assurances can be given that a future impairment will not be needed, particularly if Prospect's east coast operations do not improve or are not sold timely and they continue to miss scheduled rent and interest payments.

In regard to PHP Holdings, we account for our investment (both the equity investment and convertible loan) using the fair value option method. Prospect and its investment bankers continued to work through the sale process during and subsequent to the end of the period, resulting in a binding agreement with Astrana Health on November 8, 2024, as further described in Note 10 to the condensed consolidated financial statements. Based on our consideration of information in the purchase agreement, along with consultations with our third party appraisers, we recorded an additional approximate $134 million unfavorable fair value adjustment in the third quarter of 2024 (total unfavorable fair value adjustment in 2024 of $498 million), resulting in a total investment in PHP Holdings of approximately $200 million at September 30, 2024. Each quarter, we mark such investment to fair value as more fully described in Note 7 to the condensed consolidated financial statements.

Pipeline Health System

On October 2, 2022, Pipeline Health System ("Pipeline") filed for reorganization relief under Chapter 11 protection of the United States Bankruptcy Code in the Southern District of Texas, while keeping its hospitals open to continue providing care to the communities served. On February 6, 2023, Pipeline emerged from bankruptcy. Per the bankruptcy settlement, Pipeline's lease of our California assets remained in place, and we were repaid on February 7, 2023, for all rent that was outstanding at December 31, 2022, along with what was due for the first quarter of 2023. As part of the settlement, we deferred approximately $6 million, or approximately 30%, of rent in 2023 to be paid in 2024 with interest. As of September 30, 2024, Pipeline is current on their monthly base rent obligations per the terms of the lease, and we hold a rent deposit that more than covers the remaining $5 million of unpaid deferred rent.

International Joint Venture

As discussed in our Annual Report on Form 10-K for the year ending December 31, 2023, we placed our loan to the international joint venture on the cash basis of accounting, as we determined that it was no longer probable that the borrower would pay its future interest in full. This loan, accounted for under the fair value option method, was collateralized by the equity of Steward held by an investor in both Steward and the international joint venture. Consistent with the discussion above on non-real estate investments in Steward, we recorded a $225 million unfavorable fair value adjustment in the 2024 first quarter to fully reserve for the loan and related equity investment. These investments, which are included in “Investments in unconsolidated operating entities” on our condensed consolidated balance sheets, were adjusted for after comparing our carrying value to an updated fair value analysis of the underlying collateral, with assistance from a third-party, independent valuation firm.

CommonSpirit

On May 1, 2023, Catholic Health Initiatives Colorado ("CHIC"), a wholly owned subsidiary of CommonSpirit, acquired the Utah hospital operations of five general acute care facilities previously operated by Steward. As a result of this transaction, we received $100 million on May 1, 2023, of the $150 million loan made in the 2022 second quarter. The new lease, at the time, for these Utah assets had an initial fixed term of 15 years with annual escalation provisions. As part of this transaction, we severed these facilities from the master lease with Steward, and accordingly accelerated the amortization of the associated in-place lease intangibles (approximately $286 million) and wrote-off approximately $95 million of straight-line rent receivables. As described earlier, these five properties make up the Utah Transaction.

Other Tenant Matters

In the 2023 third quarter, we moved to the cash basis of accounting for a tenant that comprised approximately 1% of our total assets due to declines in operating results. As a result, we recorded a $49 million charge to reserve billed and straight-line rent receivables. During the 2024 third quarter, we terminated the lease with this tenant, resulting in the acceleration of lease intangible amortization of $22 million. The former tenant is currently working on raising external capital, independent of us. In addition, we are currently working with the former tenant on an agreement that could result in either the sale and/or re-leasing of these real estate assets in early 2025. At September 2024, we believe the net book value of the related assets are recoverable. However, no assurances can be given that a future impairment will not be needed.

Investments in Unconsolidated Entities

Investments in Unconsolidated Real Estate Joint Ventures

Our primary business strategy is to acquire real estate and lease to providers of healthcare services. Typically, we directly own 100% of such investments. However, from time-to-time, we will co-invest with other investors that share a similar view that hospital real estate is a necessary infrastructure-type asset in communities. In these types of investments, we will own undivided interests of less than 100% of the real estate through unconsolidated real estate joint ventures. The underlying real estate and leases in these unconsolidated real estate joint ventures are generally structured similarly and carry a similar risk profile to the rest of our real estate portfolio.

The following is a summary of our investments in unconsolidated real estate joint ventures by operator (amounts in thousands):

Operator	Ownership Percentage	As of September 30, 2024	As of December 31, 2023
Swiss Medical Network	70%	$ 515,878	$ 472,434
MEDIAN	50%	472,179	471,336
CommonSpirit (Utah partnership)	25%	119,708	—
Policlinico di Monza	50%	81,785	80,562
HM Hospitales	45%	53,222	56,071
Steward (Macquarie partnership)	50%	—	394,052
Total		$ 1,242,772	$ 1,474,455

The decrease in our total investment in unconsolidated real estate joint ventures since December 31, 2023, is primarily due to the impairment recorded to our Massachusetts-based partnership with Macquarie in the second quarter of 2024 as more fully described above in this same Note 3. In the third quarter of 2024, we and the other equity owners funded capital contributions (our share being approximately $40 million) to the Swiss Medical Network investment, proceeds of which were used to pay off debt inside the joint venture.

As discussed previously, we hold a 25% interest in the Utah partnership accounted for under the equity method. The Utah partnership elected to apply specialized accounting and reporting for investment companies under Topic 946, which measures the underlying investments at fair value. For the quarter ending September 30, 2024, our share of the Utah partnership's favorable fair value adjustment was approximately $13.5 million, primarily related to the underlying real estate.

Investments in Unconsolidated Operating Entities

Our investments in unconsolidated operating entities are noncontrolling investments that are typically made in conjunction with larger real estate transactions in which the operators are vetted as part of our overall underwriting process. In many cases, we would not be able to acquire the larger real estate portfolio without such investments in operators. These investments also offer the opportunity to enhance our overall return and provide for certain minority rights and protections.

The following is a summary of our investments in unconsolidated operating entities (amounts in thousands):

Operator	As of September 30, 2024	As of December 31, 2023
PHP Holdings	$ 201,526	$ 699,535
Swiss Medical Network	185,185	186,113
Aevis Victoria SA ("Aevis")	63,758	77,345
Priory	41,670	163,837
Aspris Children's Services ("Aspris")	15,958	15,986
Caremax	130	1,148
Steward (loan investment)	—	361,591
International joint venture	—	225,960
Steward (equity investment)	—	35,696
Lifepoint Behavioral	—	11,429
Total	$ 508,227	$ 1,778,640

See "Leasing Operations (Lessor)" under this same Note 3 for details on the change in the first nine months of 2024 related to Steward.

For our investments marked to fair value (including our investments in PHP Holdings, Aevis, Caremax, and the international joint venture), we recorded approximately $739 million in unfavorable non-cash fair value adjustments during the first nine months of 2024; whereas, this was a $48.7 million favorable non-cash fair value adjustment for the same period of 2023. The amount recorded in 2024 includes an approximate $498 million unfavorable fair market value adjustment to our investment in PHP Holdings, as further described in the "Prospect" subheading of this Note 3 (included in the "Other (including fair value adjustments on securities)" line of the condensed consolidated statements of net income) and $225 million unfavorable fair value adjustment in the 2024 first quarter related to our international joint venture investments as described in Note 3 and included in the "Real estate and other impairment charges, net" line of the condensed consolidated statements of net income.

In the first quarter of 2024, we sold our interest in the Priory syndicated term loan for £90 million (approximately $115 million), resulting in an approximate £6 million ($7.8 million) economic loss. In addition, we sold our remaining minority equity investment in Lifepoint Behavioral in the 2024 first quarter.

Other Investment Activities

In the third quarter of 2023, we invested approximately $105 million for a participation in Steward's syndicated asset-backed credit facility, and we loaned an additional $40 million. On August 17, 2023, we sold the $105 million interest to a global asset manager for approximately $100 million, and Steward paid approximately $2 million on November 3, 2023. The remainder was written off as part of the $425 million loan impairment charge in the 2024 third quarter as discussed in the "Leasing Operations (Lessor)" section of this same Note 3.

In the second quarter of 2023, we received repayment of the CHF 60 million mortgage loan from Infracore SA ("Infracore") that was originally made in the fourth quarter of 2022.

Credit Loss Reserves

We apply a forward-looking "expected loss" model to all of our financing receivables, including financing leases and loans, based on historical credit losses of similar instruments.

The following table summarizes the activity in our credit loss reserves (in thousands):

	For the Three Months Ended September 30, 2024		For the Three Months Ended September 30, 2023
Balance at beginning of the period	$ 538,534		$ 87,105
Provision for credit loss, net	438,154	(1)	165
Expected credit loss reserve written off or related to financial instruments sold, repaid, or satisfied	(825,548)	(3)	(63)
Balance at end of the period	$ 151,140		$ 87,207

	For the Nine Months Ended September 30, 2024		For the Nine Months Ended September 30, 2023
Balance at beginning of the year	$ 96,001		$ 121,146
Provision for credit loss, net	880,687	(1)(2)	1,513
Expected credit loss reserve written off or related to financial instruments sold, repaid, or satisfied	(825,548)	(3)	(35,452)
Balance at end of the period	$ 151,140		$ 87,207

(1) Includes charges and reserves related to our investments in cash basis tenants.

(2) Includes the charge related to the $362 million loan to Steward, as further described under "Steward Health Care System" subheading of this Note 3.

(3) Includes write-offs in the third quarter of 2024 of previously reserved loans to Steward as further described under "Steward Health Care System" subheading of this Note 3.

Concentrations of Credit Risk

We monitor concentration risk in several ways due to the nature of our real estate assets that are vital to the communities in which they are located and given our ability to replace inefficient operators of our facilities, if needed, with more effective operators. See below for our concentration details (dollars in thousands):

Total Assets by Operator

	As of September 30, 2024		As of December 31, 2023	
Operators	Total Assets (1)	Percentage of Total Assets	Total Assets (1)	Percentage of Total Assets
Circle Health Ltd ("Circle")	$ 2,179,805	14.3 %	$ 2,119,392	11.6 %
Priory	1,325,408	8.7 %	1,391,005	7.6 %
Healthcare Systems of America	1,176,533	7.7 %	—	0.0 %
Prospect	1,042,343	6.8 %	1,092,974	6.0 %
Lifepoint Behavioral	815,439	5.4 %	813,527	4.4 %
Steward	—	0.0 %	3,518,537	19.2 %
Other operators	7,059,205	46.3 %	7,352,012	40.2 %
Other assets	1,637,423 (2)	10.8 %	2,017,397	11.0 %
Total	$ 15,236,156	100.0 %	$ 18,304,844	100.0 %

(1) Total assets by operator are generally comprised of real estate assets, mortgage loans, investments in unconsolidated real estate joint ventures, investments in unconsolidated operating entities, and other loans.

(2) Includes our investment in PHP Holdings of approximately $200 million as part of the Prospect Transaction and tenant update described previously in this same Note 3.

Total Assets by U.S. State and Country (1)

	As of September 30, 2024		As of December 31, 2023	
U.S. States and Other Countries	Total Assets	Percentage of Total Assets	Total Assets	Percentage of Total Assets
Texas	$ 1,367,932	9.0 %	$ 1,891,482	10.3 %
California	1,051,443	6.9 %	1,252,674	6.8 %
Florida	890,879	5.8 %	1,348,210	7.4 %
Pennsylvania	455,757	3.0 %	470,562	2.6 %
Arizona	380,756	2.5 %	547,789	3.0 %
All other states	2,890,763	19.0 %	4,264,392	23.3 %
Other domestic assets	858,750	5.7 %	1,397,170	7.6 %
Total U.S.	$ 7,896,280	51.9 %	$ 11,172,279	61.0 %
United Kingdom	$ 4,283,890	28.1 %	$ 4,261,944	23.3 %
Switzerland	764,821	5.0 %	735,891	4.0 %
Germany	732,489	4.8 %	734,630	4.0 %
Spain	265,574	1.7 %	252,529	1.4 %
All other countries	514,429	3.4 %	527,344	2.9 %
Other international assets	778,673	5.1 %	620,227	3.4 %
Total international	$ 7,339,876	48.1 %	$ 7,132,565	39.0 %
Grand total	$ 15,236,156	100.0 %	$ 18,304,844	100.0 %

Total Assets by Facility Type (1)

	As of September 30, 2024		As of December 31, 2023	
Facility Types	**Total Assets**	**Percentage of Total Assets**	**Total Assets**	**Percentage of Total Assets**
General acute care hospitals	$ 9,308,236	61.1 %	$ 11,764,151	64.3 %
Behavioral health facilities	2,487,861	16.3 %	2,576,983	14.1 %
Post acute care facilities	1,676,426	11.0 %	1,716,248	9.4 %
Freestanding ER/urgent care facilities	126,210	0.8 %	230,065	1.2 %
Other assets	1,637,423	10.8 %	2,017,397	11.0 %
Total	$ 15,236,156	100.0 %	$ 18,304,844	100.0 %

(1) For geographic and facility type concentration metrics in the tables above, we allocate our investments in unconsolidated operating entities pro rata based on the gross book value of the real estate. Such pro rata allocations are subject to change from period to period.

On an individual property basis, our largest investment in any single property was less than 2% of our total assets as of September 30, 2024.

From a revenue concentration perspective, Circle and Priory individually represented more than 10% of our total revenues for the three and nine months ended September 30, 2024. Steward and Circle each represented more than 10% of our total revenues for the three and nine months ended September 30, 2023.

4. Debt

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

	As of September 30, 2024	As of December 31, 2023
Revolving credit facility(A)	$ 397,391	$ 1,514,420
Term loan	200,000	200,000
British pound sterling secured term loan due 2024(B)	—	133,484
British pound sterling term loan due 2025(B)	699,512	891,170
British pound sterling secured term loan due 2034(B)	844,470	—
Australian term loan facility(B)	—	320,164
3.325% Senior Unsecured Notes due 2025(B)	556,750	551,950
0.993% Senior Unsecured Notes due 2026(B)	556,750	551,950
2.500% Senior Unsecured Notes due 2026(B)	668,750	636,550
5.250% Senior Unsecured Notes due 2026	500,000	500,000
5.000% Senior Unsecured Notes due 2027	1,400,000	1,400,000
3.692% Senior Unsecured Notes due 2028(B)	802,500	763,860
4.625% Senior Unsecured Notes due 2029	900,000	900,000
3.375% Senior Unsecured Notes due 2030(B)	468,125	445,585
3.500% Senior Unsecured Notes due 2031	1,300,000	1,300,000
	$ 9,294,248	$ 10,109,133
Debt issue costs and discount, net	(78,497)	(44,897)
	$ 9,215,751	$ 10,064,236

(A) Includes £- million and £322 million of GBP-denominated borrowings and €303 million and €303 million of Euro-denominated borrowings that reflect the applicable exchange rates at September 30, 2024 and December 31, 2023, respectively.

(B) Non-U.S. dollar denominated debt reflects the exchange rates at September 30, 2024 and December 31, 2023.

As of September 30, 2024, principal payments due on our debt (which exclude the effects of any discounts, premiums, or debt issue costs recorded) are as follows (amounts in thousands):

2024	$ —
2025	1,256,262
2026	2,122,891
2027	1,600,000
2028	802,500
Thereafter	3,512,595
Total	$ 9,294,248

Credit Facilities

On April 12, 2024, we amended our unsecured credit facility (the "Credit Facility") and certain other agreements to (i) reduce revolving commitments from $1.8 billion to $1.4 billion, (ii) apply certain proceeds from the Utah Transaction and other asset sales and debt transactions to repay the Australian term loan facility and certain other outstanding obligations, including revolving loans under the Credit Facility to the extent necessary to reduce the outstanding borrowings to no more than the amended $1.4 billion commitment, (iii) amend or waive certain covenants as described under "Covenants" in this same Note 4, and (iv) waive the 10% cap on unencumbered asset value attributable to tenants subject to a bankruptcy event for purposes of determining compliance with the unsecured leverage ratio for the trailing four fiscal quarter periods ended June 30, 2024, and for purposes of determining pro forma compliance with the unsecured leverage ratio for certain asset sale and debt transactions.

On August 6, 2024, we amended the Credit Facility and the British pound sterling term loan due 2025 to (i) further reduce revolving commitments in the Credit Facility from $1.4 billion to $1.28 billion, (ii) increase borrowing spreads to 300 basis points during the Modified Covenant Period (defined in "Covenants" section in this same Note 4) and then to 225 basis points after the Modified Covenant Period, (iii) require that proceeds of certain future asset sales and debt transactions (during the Modified Covenant Period) be applied to repay certain outstanding obligations, including our revolving loans (by 15% of such proceeds but for which the revolving loans can be reborrowed) and our British pound sterling term loan due 2025 (by 50% of such proceeds), and (iv) amend or waive certain covenants as described under "Covenants" in this same Note 4.

Australian Term Loan Facility

On May 18, 2023, we completed the first phase of the Australia Transaction in which we sold seven of the 11 Australia facilities for A$730 million. We used the proceeds from the first phase of this sale to prepay A$730 million (approximately $475 million) of the A$1.2 billion Australian term loan. On April 18, 2024, we paid off and terminated the remainder of the A$470 million (approximately $306 million) Australian term loan facility with proceeds from the Utah Transaction described in Note 3.

British Pound Sterling Secured Term Loan due 2034

On May 24, 2024, we closed on a secured loan facility with a consortium of institutional investors that provides for a term loan in aggregate principal amount of approximately £631 million (approximately $800 million) secured by a portfolio of 27 properties located in the U.K. currently leased to affiliates of Circle. The facility carries a fixed rate of 6.877% over its 10-year term, excluding fees and expenses, and is interest-only (payable quarterly in advance) through the maturity date. The facility is secured by first priority mortgages or similar security instruments on the relevant properties, including assignments of rents and security over accounts, and is non-recourse to us. We used the majority of the net proceeds of the facility to pay down portions of our revolving credit facility and British pound sterling term loan due 2025, and to pay off our British pound sterling secured term loan due 2024 (approximately £105 million).

British Pound Sterling Term Loan due 2025

In addition to the £105 million pay down from proceeds of the secured term loan discussed above, we paid down another £72 million of our British pound sterling term loan due 2025 in the 2024 third quarter.

Debt Refinancing and Unutilized Financing Costs

2024 Activity

In the first nine months of 2024, we incurred $3.7 million of debt refinancing and unutilized financing costs. These costs were incurred primarily as a result of the reduction in revolving commitments under our Credit Facility and partial paydown of our British pound sterling term loan due 2025.

2023 Activity

As a result of the prepayment of a portion of the Australian term loan, we incurred approximately $0.8 million to accelerate the amortization of related debt issue costs in the first nine months of 2023. This charge was more than offset by the $0.9 million gain realized on the purchase of approximately £40 million of our 2.550% Senior Unsecured Notes due 2023 at a discount in the 2023 third quarter.

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 agreement governing our Credit Facility limit the amount of dividends we can pay as a percentage of normalized adjusted funds from operations ("NAFFO"), as defined in the agreement, on a rolling four quarter basis to 95% of NAFFO. The indentures governing our senior unsecured notes also limit the amount of dividends we can pay based on the sum of 95% of NAFFO, 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 (which was amended on April 12, 2024 to lower the maximum permitted ratio from 40% to 25%), consolidated adjusted net worth, unsecured leverage ratio, and unsecured interest coverage ratio. The 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.

On August 6, 2024, we entered into an amendment to the Credit Facility and the British pound sterling term loan due 2025 (the "Amendments") to increase the maximum total leverage ratio covenant from 60% to 65% and the maximum unsecured leverage ratio covenant from 65% to 70% and to decrease the minimum unsecured interest coverage ratio from 1.75:1.00 to 1.45:1.00. These Amendments were effective as of June 30, 2024 and will continue in effect through and including September 30, 2025, unless earlier terminated by us (the "Modified Covenant Period") at which point the credit agreement provides that covenants will automatically reset to their prior levels. In addition, the Amendments permanently reduced the minimum consolidated adjusted net worth covenant from approximately $6.7 billion to $5 billion, in each case plus the sum of certain equity proceeds. The Amendments also limit the payment of dividends in cash during the Modified Covenant Period to $0.08 per share in any fiscal quarter, but the Amendments do not provide any additional restrictions on the payment of dividends outside of the Modified Covenant Period.

As of September 30, 2024, we are in compliance with all such financial and operating covenants. However, as of September 30, 2024, we would not have been in compliance with certain covenants without the Amendments discussed above. Our ability to maintain compliance with our debt covenants, including the reset leverage and interest coverage requirements, after the end of the Modified Covenant Period depends primarily on reducing debt through asset sales, retention of cash generated from our monthly rent and interest receipts, extending maturities of certain debt instruments, and other access to capital. We expect to continue to comply with these covenants, but if we are not in compliance, including following the expiration of the Modified Covenant Period, we would have to seek additional amendments to our covenants. However, no assurances can be made that such amendments 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

2024 Activity

In connection with closing the secured term loan facility in the U.K. on May 24, 2024, we realized a gain, for U.K. tax purposes, on the interest rate swap associated with the internal restructuring of the British pound sterling term loan due 2025. This gain resulted in a tax expense of approximately $5 million in the 2024 second quarter.

2023 Activity

During the 2023 second quarter, we elected to move a majority of our U.K. assets into a U.K. REIT regime with an effective date of July 1, 2023. With this election, we adjusted the deferred tax liabilities associated with these properties, resulting in a $158 million income tax benefit in the second quarter of 2023.

As a result of the Australia Transaction described in Note 3 to the condensed consolidated financial statements, we recorded a $5 million tax benefit in the first quarter of 2023.

6. Stock Awards

During the second quarter of 2022, we amended the 2019 Equity Incentive Plan (the “Equity Incentive Plan”), which authorizes the issuance of common stock options, restricted stock, restricted stock units, deferred stock units, stock appreciation rights, performance units, and awards of interests in our Operating Partnership. Our Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors, and we have reserved 28.9 million shares of common stock for awards, of which 8.8 million shares remain available for future stock awards as of September 30, 2024. Share-based compensation expense totaled $30.6 million (including $9.3 million related to certain grants in 2024 with cash-settlement features) and $29.7 million for the nine months ended September 30, 2024 and 2023, respectively.

7. Fair Value of Financial Instruments

We have various assets and liabilities that are considered financial instruments. We estimate that the carrying value of cash and cash equivalents and accounts payable and accrued expenses approximate their fair values. 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 other 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 using Level 2 inputs such as quotes from securities dealers and market makers. We estimate the fair value of our 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 a prudent management decision.

The following table summarizes fair value estimates for our financial instruments (in thousands):

Asset (Liability)	As of September 30, 2024 Book Value		As of September 30, 2024 Fair Value	As of December 31, 2023 Book Value		As of December 31, 2023 Fair Value
Interest and rent receivables	$ 35,142		$ 35,130	$ 45,059		$ 45,476
Loans(1)	694,809	(2)	675,683	1,302,727	(2)	1,202,383
Debt, net	(9,215,751)		(8,035,236)	(10,064,236)		(8,256,465)

(1) Excludes the convertible loan made in May 2023 to PHP Holdings and the acquisition loan made in May 2020 related to our investment in the international joint venture, along with the related subsequent investment in the real estate of three hospitals in Colombia, as these assets are accounted for under the fair value option method, as noted below.

(2) Includes $162.0 million and $162.4 million of mortgage loans, a $339.6 million and $323.8 million shareholder loan included in investments in unconsolidated real estate joint ventures, $42.6 million and $526.9 million of loans that are part of our investments in unconsolidated operating entities, and $150.6 million and $289.6 million of other loans at September 30, 2024 and December 31, 2023, respectively.

Items Measured at Fair Value on a Recurring Basis

Our equity investment and related loan to the international joint venture, our loan investment in the real estate of three hospitals operated by subsidiaries of the international joint venture in Colombia, our equity investment in Lifepoint Behavioral (which was sold in March 2024), and our investment in PHP Holdings are measured at fair value on a recurring basis as we elected to account for these investments using the fair value option at the point of initial investment. We elected to account for these investments at fair value due to the size of the investments and because we believed this method was more reflective of current values.

At September 30, 2024 and December 31, 2023, the amounts recorded under the fair value option method were as follows (in thousands):

Asset (Liability)	As of September 30, 2024 Fair Value	As of September 30, 2024 Original Cost	As of December 31, 2023 Fair Value	As of December 31, 2023 Original Cost	Asset Type Classification
Mortgage loans	$ 136,192	$ 136,192	$ 146,892	$ 146,892	Mortgage loans
Equity investment and other loans	206,798	909,726	939,903	912,999	Investments in unconsolidated operating entities/Other loans

Our loans to the international joint venture and its subsidiaries are recorded at fair value based on Level 2 and Level 3 inputs by discounting the estimated future contractual cash flows using a credit-adjusted rate of return, which is derived from market rates of return on similar loans with similar credit quality and remaining maturity. Our equity investment in Lifepoint Behavioral (which was sold in March 2024) was recorded at fair value as of December 31, 2023, based on Level 2 inputs by discounting the estimated cash flows expected to be realized as part of the Lifepoint Transaction described in Note 3 to the condensed consolidated financial statements. Our equity investment in the international joint venture and our investment in PHP Holdings are recorded at fair value based on Level 3 inputs, by using a market approach (for our equity investment in the international joint venture) and a discounted cash flow model and guideline public company model, a form of market approach, (for our investment in PHP Holdings), which requires significant estimates of our investee such as projected revenue and expenses and appropriate consideration of the underlying risk profile of the forecasted assumptions associated with the investee. We classify our valuations of these investments as Level 3, as we use certain unobservable inputs to the valuation methodology that are significant to the fair value measurement, and the valuations require management judgment due to the absence of quoted market prices. For the cash flow and market approach models used for our investment in PHP Holdings, our unobservable inputs include use of a discount rate (which is based on a weighted-average cost of capital), selected revenue and EBITDA multiples in reference to guideline public companies, and an adjustment for a marketability discount ("DLOM"). In regard to the underlying projections used in the discounted cash flow model, such projections are provided by the investees. However, we may modify such projections as needed based on our review and analysis of historical results, meetings with key members of management, and our understanding of trends and developments within the healthcare industry.

In the first nine months of 2024, we recorded a net unfavorable adjustment to the investments accounted for under the fair value option method of approximately $720 million, primarily related to the loan to the international joint venture and our investment in PHP Holdings as further discussed in Note 3 to the condensed consolidated financial statements. In the first nine months of 2023, we had a net favorable adjustment of approximately $25 million for our investments accounted for under the fair value option method.

The discount rate and DLOM on our investment in PHP Holdings was approximately 25% and 14%, respectively, at September 30, 2024, compared to 11% and 8% at December 31, 2023. The selected revenue multiples ranged from 0.60x to 0.70x at September

30, 2024 compared to 1.1x to 1.3x at December 31, 2023. The selected EBITDA multiples ranged from 5.5x to 6.5x at September 30, 2024, compared to 10x to 14x at December 31, 2023. The decrease in multiples used in the fair value analysis of our investment in PHP Holdings compared to December 31, 2023 aligned with the expected value from the Astrana Health deal more fully described in Note 10 to the condensed consolidated financial statements.

In arriving at the DLOM, we 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 full basis point variations (in thousands):

Basis Point Change in Marketability Discount	Estimated Increase (Decrease) In Fair Value	
+100 basis points	$	(2,315)
- 100 basis points		2,315

Items Measured at Fair Value on a Nonrecurring Basis

In addition to items that are measured at fair value on a recurring basis, we have assets and liabilities that are measured, from time-to-time, at fair value on a nonrecurring basis, such as for impairment purposes of our real estate, financial instruments, and for certain equity investments without a readily determinable fair value.

Impairment and Fair Value Adjustments of Non-Real Estate Investments

Prior to the global settlement in September 2024 (as described in Note 3 to the condensed consolidated financial statements) in which our claims were released, our non-real estate investments in Steward and related affiliates included our 9.9% equity investment, working capital and other secured loans, and a loan made to a Steward affiliate in 2021, proceeds of which were used to redeem a similarly sized convertible loan held by Steward's former private equity sponsor. In addition, the loan to the international joint venture is collateralized by the equity of Steward held by an investor in both Steward and the international joint venture. To assess recovery of these investments, we performed a valuation of Steward's business at March 31, 2024, with assistance from a third-party, independent valuation firm. The valuation approaches utilized included the cost, market, and income approaches. The fair value analysis was performed under a non-going concern, orderly liquidation premise of value and assuming normal exposure to market participants. We utilized this premise of value due to Steward's ongoing financial distress and subsequent filing of bankruptcy. Accordingly, the valuation approaches used, including the Level 3 inputs, were based on the financial performance of the Steward assets. For profitable hospitals, Level 3 inputs included a weighted average EBITDA multiple of 6.48x from a selected range of 5x to 7x in reference to comparable transactions. We also used a weighted average discount rate of 15.03% from a selected range of 15% to 16%. For unprofitable hospitals, Level 3 inputs included a weighted average net revenue multiple range of 0.275x from a selected range of 0.25x to 0.30x in reference to comparable transactions. We also considered the reported book values inclusive of various adjustments for unprofitable hospitals. After reducing the derived fair value of Steward's business for Steward's secured debt (including our working capital and other secured loans) and their working capital deficit, we arrived at only a nominal remaining value that could not support the carrying value of the loan to a Steward affiliate from 2021 or our remaining 9.9% equity investment. In addition, the value of the investor's share of the remaining 90.1% of Steward's equity that collateralized the loan to the international joint venture was deemed insufficient to support recovery of this investment. As a result, we recorded impairment charges and negative fair value adjustments in the 2024 first quarter of more than $600 million, as discussed further in Note 3 to the condensed consolidated financial statements.

We updated our fair value analysis of Steward's business at June 30, 2024, using a similar approach as done in the 2024 first quarter resulting in no further impairments or fair value adjustments to non-real estate investments in the 2024 second quarter. In the third quarter of 2024, as a result of the Company's global settlement with Steward (as discussed further in Note 3 to the condensed consolidated financial statements), the Company recorded impairment charges of approximately $425 million for the working capital loans and other secured loans previously advanced to Steward.

Impairment of Real Estate Investments

In the 2024 third quarter, we recognized a real estate impairment charge of approximately $180 million related to the Space Coast facilities and certain excess properties previously leased to Steward that were deemed held for sale at September 30, 2024. The charge was needed to adjust our net book value to align with fair value less cost to sell based on expected proceeds, including from a binding agreement for the Space Coast properties. In the 2024 second quarter, we recognized approximately $500 million of real estate impairment charges, primarily involving the eight Massachusetts properties in the Macquarie partnership. In our assessment, we first made a comparison of the carrying value of our real estate to projected undiscounted cash flows. For those properties for which the carrying value was not deemed recoverable, we recorded an impairment charge to the extent our carrying value was greater than its estimated fair value. In estimating fair value for these properties, we, along with assistance from a third-party, independent valuation firm, used a combination of cost, market, and income approaches using Level 3 inputs. The cost approach used comparable sales to value the land and cost manuals to value the improvements. The value derived from the market approach was based on sale prices of similar properties. For the income approach, we divided the expected operating income (i.e. revenue less expenses, if any) from the property by a market capitalization rate (range from 7% to 10%). Our share of the real estate impairment charge in the Macquarie partnership exceeded the remaining equity amount in the joint venture, which resulted in a write down of our equity interest to zero and such charge is reflected in the "Earnings (loss) from equity interests" line on the condensed consolidated statements of net income.

8. Earnings Per Share/Unit

Medical Properties Trust, Inc.

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

	For the Three Months Ended September 30, 2024	2023
Numerator:		
Net (loss) income	$ (800,929)	$ 116,895
Non-controlling interests' share in net income	(234)	(185)
Participating securities' share in earnings	(153)	(311)
Net (loss) income, less participating securities' share in earnings	$ (801,316)	$ 116,399
Denominator:		
Basic weighted-average common shares	600,229	598,444
Dilutive potential common shares(1)	—	109
Diluted weighted-average common shares	600,229	598,553

	For the Nine Months Ended September 30, 2024	2023
Numerator:		
Net (loss) income	$ (1,995,965)	$ 107,492
Non-controlling interests' share in net income	(1,458)	(25)
Participating securities' share in earnings	(807)	(1,295)
Net (loss) income, less participating securities' share in earnings	$ (1,998,230)	$ 106,172
Denominator:		
Basic weighted-average common shares	600,197	598,363
Dilutive potential common shares(1)	—	43
Diluted weighted-average common shares	600,197	598,406

MPT Operating Partnership, L.P.

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

	For the Three Months Ended September 30, 2024	2023
Numerator:		
Net (loss) income	$ (800,929)	$ 116,895
Non-controlling interests' share in net income	(234)	(185)
Participating securities' share in earnings	(153)	(311)
Net (loss) income, less participating securities' share in earnings	$ (801,316)	$ 116,399
Denominator:		
Basic weighted-average units	600,229	598,444
Dilutive potential units(1)	—	109
Diluted weighted-average units	600,229	598,553

		For the Nine Months Ended September 30,		
		2024		2023
Numerator:				
Net (loss) income	$	(1,995,965)	$	107,492
Non-controlling interests' share in net income		(1,458)		(25)
Participating securities' share in earnings		(807)		(1,295)
Net (loss) income, less participating securities' share in earnings	$	(1,998,230)	$	106,172
Denominator:				
Basic weighted-average units		600,197		598,363
Dilutive potential units(1)		—		43
Diluted weighted-average units		600,197		598,406

(1) The above computation of diluted earnings per share/units does not include 37,967 and 18,422 potential common shares/units for the three and nine months ended September 30, 2024, respectively.

9. Commitments and Contingencies

Commitments

On October 5, 2022, we entered into definitive agreements to sell three Prospect facilities located in Connecticut to Yale for approximately $457 million, of which we are still contractually owed $355 million in cash and have previously received the remainder in additional investments in PHP Holdings - part of the Prospect Transaction discussed in Note 3. This transaction was approved by the state of Connecticut's Office of Health Strategy on March 27, 2024 and is now subject to the completion of Yale's acquisition of the hospital operations from Prospect. However, given the length of time since the definitive agreements were signed, no assurances can be given that this transaction will be consummated as described or at all. Our net book value for these three facilities is slightly less than 2% of our total assets at September 30, 2024.

Contingencies

As part of the global settlement with Steward discussed in Note 3, upon completion of the transfers to the new operators and satisfaction of certain other conditions, in addition to approval by relevant state and local regulators, each of the Company and Steward have agreed, subject to specified exceptions, to the mutual release of claims against each other, including payment by Steward of any accrued or future rent under its master leases with the Company and accrued or future payments of principal and interest on outstanding loans from the Company. Steward's asset backed lenders also forfeited their right to cause the Company to purchase up to $60 million of bridge loans made to Steward during the first quarter of 2024. In connection with the global settlement with Steward and reciprocal release of claims, the Company has an approximate $35 million liability at September 30, 2024, for property taxes, other property related expenses, and other obligations due to third parties.

We are party to various lawsuits as described below:

Securities and Derivative Litigation

On April 13, 2023, we and certain of our executives were named as defendants in a putative federal securities class action lawsuit alleging false and/or misleading statements and/or omissions resulted in artificially inflated prices for our common stock, filed by a purported stockholder in the United States District Court for the Northern District of Alabama (Case No. 2:23-cv-00486). The complaint seeks class certification on behalf of purchasers of our common stock between July 15, 2019 and February 22, 2023 and unspecified damages including interest and an award of reasonable costs and expenses. This class action complaint was amended on September 22, 2023 and alleges that we made material misstatements or omissions relating to the financial health of certain of our tenants. On September 26, 2024, the Court dismissed the amended complaint with prejudice. On October 24, 2024, the plaintiff moved to alter the Court's judgment and for leave to further amend the complaint. On November 11, 2024, the Company filed an opposition to plaintiff's motion.

Members of our Board of Directors were also named as defendants in two related shareholder derivative lawsuits filed by purported stockholders in the United States District Court for the Northern District of Alabama on October 19, 2023 (Case No. 2:23- cv-01415) and December 7, 2023 (Case No. 2:23-cv-01667). The Company was named as a nominal defendant in both complaints. These shareholder derivative complaints both make allegations similar to those made in the Alabama securities lawsuit described above relating to purported material misstatements or omissions relating to the financial health of certain of our tenants. Members of our Board of Directors were also named as defendants in three related shareholder derivative lawsuits filed by purported stockholders in the United States District Court for the District of Maryland on February 16, 2024 (Case No. 1:24-cv-00471), June 28, 2024 (Case No. 1:24-cv-01899), and July 26, 2024 (Case No. 1 24-cv-02173). The Company was named as a nominal defendant. These shareholder derivative complaints make allegations similar to those made in the Alabama securities and derivative lawsuits described above relating to purported material misstatements or omissions relating to the financial health of certain of our tenants.

On September 29, 2023, we and certain of our executives were named as defendants in a putative federal securities class action lawsuit filed by a purported stockholder in the United States District Court for the Southern District of New York (Case No. 1:23-cv- 08597). The complaint seeks class certification on behalf of purchasers of our common stock between May 23, 2023 and August 17, 2023 and alleges false and/or misleading statements and/or omissions in connection with certain transactions involving Prospect. This class action complaint was amended on October 30, 2024 and alleges that we made material misstatements or omissions in connection with certain transactions involving Prospect.

Members of our Board of Directors were also named as defendants in two related shareholder derivative lawsuits filed by purported stockholders in the United States District Court for the Southern District of New York on December 18, 2023 (Case No. 1:23-cv- 10934) and March 1, 2024 (Case No. 1:24-cv-01589). The Company was named as a nominal defendant in both complaints. These shareholder derivative complaints both make allegations similar to those made in the New York securities lawsuit described above relating to purported false and/or misleading statements and/or omissions in connection with certain transactions involving Prospect. On February 21, 2024, members of our Board of Directors were named as defendants in a shareholder derivative lawsuit filed by a purported stockholder in the United States District Court for the District of Maryland (Case No. 1:24-cv-00527). The Company was named as a nominal defendant. This shareholder derivative complaint makes allegations similar to those made in the New York securities and derivative lawsuits described above relating to purported false and/or misleading statements and/or omissions in connection with certain transactions involving Prospect.

We believe these claims are without merit and intend to defend the cases vigorously. We have not recorded a liability related to the lawsuits above because, at this time, we are unable to determine whether an unfavorable outcome is probable or to estimate reasonably possible losses.

Defamation Litigation

On March 30, 2023, we commenced an action in the United States District Court for the Northern District of Alabama (Case No. 2:23-cv-00408), against short-seller Viceroy Research LLC (“Viceroy”) and its members. We are seeking injunctive relief and damages for defamation, civil conspiracy, tortious interference, private nuisance, and unjust enrichment based on defamatory statements expressed against us. On June 29, 2023, we won a preliminary ruling in this lawsuit after Viceroy's motion to dismiss the case was denied by a judge in the United States District Court for the Northern District of Alabama.

From time-to-time, we are a party to other legal proceedings, claims, or regulatory inquiries and investigations arising out of, or incidental to, our business. While we are unable to predict with certainty the outcome of any particular matter, 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.

10. Subsequent Events

On October 18, 2024, we sold two facilities located in Texas and previously leased for total proceeds of approximately $5 million.

On November 8, 2024, Astrana Health entered into a binding agreement to purchase the majority of PHP Holdings for approximately $745 million and the assumption of certain liabilities. After satisfaction of certain obligations, we expect to receive approximately $200 million in total proceeds. We expect to receive the majority of these proceeds in the first half of 2025, while a $50 million payment is expected by 2027.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the consolidated financial condition and consolidated results of operations are presented on a combined basis for Medical Properties Trust, Inc. and MPT Operating Partnership, L.P. as there are no material differences between these two entities. Such discussion and analysis should be read together with the condensed consolidated financial statements and notes thereto contained in this Form 10-Q and the consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2023.

Forward-Looking Statements.

This Quarterly Report on Form 10-Q contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "would", "could", "expect", "intend", "plan", "estimate", "target", "anticipate", "believe", "objectives", "outlook", "guidance", or other similar words, and include statements regarding our strategies, objectives, asset sales and other liquidity transactions (including the use of proceeds thereof), expected returns on investments and financial performance, expected trends and performance across our various markets, and expected outcomes from Steward's restructuring process. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results or future performance, achievements or transactions or events to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to, the risks described in our Annual Report on Form 10-K and as updated in our quarterly reports on Form 10-Q for future periods, and current reports on Form 8-K as we file them with the SEC under the Exchange Act. Such factors include, among others, the following:

- the risk that property sales, loan repayments, and other capital recycling transactions do not occur as anticipated or at all, including the transactions described in Note 9 and Note 10 to the condensed consolidated financial statements;
- the risk that we are not able to attain our leverage, liquidity, and cost of capital objectives within a reasonable time period or at all;
- our ability to obtain debt financing on attractive terms or at all, as a result of changes in interest rates and other factors, which may adversely impact our ability to pay down, refinance, restructure, or extend our indebtedness as it becomes due, or pursue acquisition and development opportunities;
- our ability to remain in compliance with our financial covenants under our debt facilities and obtain additional debt covenant relief under our Credit Facility;
- macroeconomic conditions, including due to geopolitical conditions and instability, which may lead to a disruption of or lack of access to the capital markets, disruptions and instability in the banking and financial services industries, rising inflation and movements in currency exchange rates, and may negatively impact the financial condition of our tenants;
- the risk that the expected sale of three Connecticut hospitals currently leased to Prospect does not occur on the agreed upon terms or at all, and that we are otherwise unable to monetize our investment in PHP at current value within a reasonable time period or at all;
- any downgrades in our credit ratings;
- the ability of our tenants, operators, and borrowers (including those of our joint ventures) to satisfy their obligations under their respective contractual arrangements with us;
- the ability of our tenants and operators to operate profitably and generate positive cash flow, comply with applicable laws, rules and regulations in the operation of our properties, to deliver high-quality services, to attract and retain qualified personnel, and to attract patients;
- the cooperation of our joint venture partners, including adverse developments affecting the financial health of such joint venture partners or the joint venture itself;
- the economic, political and social impact of, and uncertainty relating to, the potential impact from health crises (like COVID-19), which may adversely affect our and our tenants' business, financial condition, results of operations, and liquidity;
- our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate, and integrate acquisitions and investments;
- the nature and extent of our current and future competition;
- factors affecting the real estate industry generally or the healthcare real estate industry in particular;

- our ability to maintain our status as a REIT for income tax purposes in the U.S. and U.K.;
- changes in federal, state, or local tax laws in the U.S., Europe, South America, or other jurisdictions in which we may own healthcare facilities or transact business;
- federal and state healthcare and other regulatory requirements, as well as those in the foreign jurisdictions where we own properties;
- the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain equity or debt financing secured by our properties or on an unsecured basis;
- loss of property owned through ground leases upon breach or termination of the ground leases;
- potential environmental contingencies and other liabilities;
- our ability to attract and retain qualified personnel;
- the risks and uncertainties of litigation or other regulatory proceedings and investigations; and
- the accuracy of our methodologies and estimates regarding environmental, social, and governance (“ESG”) metrics and targets, tenant willingness and ability to collaborate towards reporting ESG metrics and meeting ESG goals and targets, and the impact of governmental regulation on our and our tenants’ ESG efforts.

Key Factors that May Affect Our Operations

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, rehabilitative, and behavioral health 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, market, and other conditions (such as the impact of the COVID-19 pandemic) that may affect their profitability, which could impact our results. Accordingly, we monitor certain key performance indicators that we believe provide us with early indications of conditions that could affect the level of risk in our portfolio.

Key factors that we may consider in underwriting prospective deals and in our ongoing monitoring of our tenants’ (and guarantors’) performance, as well as the condition of our properties, include, but are not limited to, the following:

- the scope and breadth of clinical services and programs, including utilization trends (both inpatient and outpatient) by service type;
- the size and composition of medical staff and physician leadership at our facilities, including specialty, tenure, and number of procedures performed and/or referrals;
- an evaluation of our operators’ administrative team, as applicable, including background and tenure within the healthcare industry;
- staffing trends, including ratios, turnover metrics, recruitment and retention strategies at corporate and individual facility levels;
- facility operating performance measured by current, historical, and prospective operating margins (measured by a tenant's earnings before interest, taxes, depreciation, amortization, management fees, and facility rent) of each tenant and at each facility;
- the ratio of our tenants' operating earnings to facility rent and to other fixed costs, including debt costs;
- changes in revenue sources of our tenants, including the relative mix of public payors (including Medicare, Medicaid/MediCal, and managed care in the U.S., as well as equivalent payors in Europe, and South America) and private payors (including commercial insurance and private pay patients);
- historical support (financial or otherwise) from governments and/or other public payor systems during major economic downturns/depressions;
- trends in tenants' cash collections, including comparison to recorded net patient service revenues, knowing and assessing current revenue cycle management systems and potential future planned upgrades or replacements;
- tenants' free cash flow;
- the potential impact of healthcare pandemics/epidemics, legislation, and other regulations (including changes in reimbursement) on our tenants', borrowers', and guarantors' profitability and liquidity;

- the potential impact of any legal, regulatory, or compliance proceedings with our tenants (including at the facility level);
- the potential impact of supply chain and inflation-related challenges as they relate to new developments or capital addition projects;
- an ongoing assessment of the operating environment of our tenants, including demographics, competition, market position, status of compliance, accreditation, quality performance, and health outcomes as measured by The Centers for Medicare and Medicaid Services ("CMS"), The Joint Commission, and other governmental bodies in which our tenants operate;
- the level of investment in the hospital infrastructure and health IT systems; and
- physical real estate due diligence, typically including property condition and Phase 1 environmental assessments, along with routine property inspections thereafter.

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

- trends in interest rates and other costs due to general inflation and availability and increased costs from labor shortages could adversely impact the operations of our tenants and their ability to meet their lease obligations;
- changes in healthcare regulations that may limit the opportunities for physicians to participate in the ownership of healthcare providers and healthcare real estate;
- reductions (or non-timely increases) in reimbursements from Medicare, state healthcare programs, and commercial insurance providers that may reduce our tenants' or borrowers' profitability and our revenues;
- competition from other financing sources; and
- the ability of our tenants and borrowers to access funds in the credit markets.

CRITICAL ACCOUNTING POLICIES

Refer to our 2023 Annual Report on Form 10-K for a discussion of our critical accounting policies, which include investments in real estate, purchase price allocation, loans, credit losses, losses from rent and interest receivables, investments accounted for under the fair value option election, and our accounting policy on consolidation. During the nine months ended September 30, 2024, there were no material changes to these policies.

Overview

We are a self-advised REIT focused on investing in and owning net-leased healthcare facilities across the U.S. and selectively in foreign jurisdictions. 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. The majority of our leased assets are owned 100%; however, we do own some leased assets through joint ventures with other partners that share our view that healthcare facilities are part of the infrastructure of any community, which we refer to as investments in unconsolidated real estate joint ventures. We also make mortgage loans to healthcare operators collateralized by their real estate assets. In addition, we may make loans to certain of our operators through our TRS, the proceeds of which are typically used for working capital and other purposes. From time-to-time, we may make noncontrolling investments in our tenants, which we refer to as investments in unconsolidated operating entities. These investments are typically made in conjunction with larger real estate transactions with the tenant that give us a right to share in such tenant's profits and losses, and provide for certain minority rights and protections. Our business model facilitates acquisitions and recapitalizations, and allows operators of healthcare facilities to serve their communities by unlocking the value of their real estate assets to fund facility improvements, technology upgrades, and other investments in operations.

At September 30, 2024, our portfolio consisted of 402 properties leased or loaned to 55 operators, of which four are under development. We manage our business as a single business segment.

At September 30, 2024, all of our investments are located in the U.S., Europe, and South America. Our total assets are made up of the following (dollars in thousands):

	As of September 30, 2024	% of Total	As of December 31, 2023	% of Total
Real estate assets - at cost	$ 13,222,167	86.7 %	$ 14,778,132	80.8 %
Accumulated real estate depreciation and amortization	(1,423,702)	(9.3)%	(1,407,971)	(7.7)%
Net investment in real estate assets	11,798,465	77.4 %	13,370,161	73.1 %
Cash and cash equivalents	275,616	1.8 %	250,016	1.4 %
Investments in unconsolidated real estate joint ventures	1,242,772	8.2 %	1,474,455	8.0 %
Investments in unconsolidated operating entities	508,227	3.3 %	1,778,640	9.7 %
Other	1,411,076	9.3 %	1,431,572	7.8 %
Total assets	$ 15,236,156	100.0 %	$ 18,304,844	100.0 %

Results of Operations

Three Months Ended September 30, 2024 Compared to September 30, 2023

Net loss for the three months ended September 30, 2024, was ($801.2) million, or ($1.34) per share compared to net income of $116.7 million, or $0.19 per diluted share, for the three months ended September 30, 2023. This decrease in net income is primarily driven by the approximate $608 million of impairment charges primarily related to the global settlement reached with Steward and its lenders as described in Note 3 to the condensed consolidated financial statements, the approximate $134 million unfavorable fair value adjustment to our investment in PHP Holdings, $137 million of accelerated amortization of in-place lease intangibles, and lower revenues from Steward and Prospect along with property sales, partially offset by approximately $90 million of gains as a result of the Dignity Health and UCHealth sales, both discussed further in Note 3 to the condensed consolidated financial statements. Normalized funds from operations ("FFO"), after adjusting for certain items (as more fully described in the section titled "Reconciliation of Non-GAAP Financial Measures" in Item 2 of this Quarterly Report on Form 10-Q), was $93.9 million for the 2024 third quarter, or $0.16 per diluted share, as compared to $225.5 million, or $0.38 per diluted share, for the 2023 third quarter. This 58% decrease in Normalized FFO is primarily due to lower revenues from Steward moving to the cash basis of accounting on December 31, 2023, and lower revenues as a result of various disposals in 2023 and 2024.

Revenues

A comparison of revenues for the three months ended September 30, 2024 and 2023 is as follows (dollar amounts in thousands):

	2024	% of Total	2023	% of Total	Year over Year Change
Rent billed	$ 169,721	75.2 %	$ 229,306	74.8 %	(26.0)%
Straight-line rent	36,602	16.2 %	21,511	7.0 %	70.2 %
Income from financing leases	9,798	4.3 %	26,066	8.5 %	(62.4)%
Interest and other income	9,706	4.3 %	29,693	9.7 %	(67.3)%
Total revenues	$ 225,827	100.0 %	$ 306,576	100.0 %	(26.3)%

Our total revenues for the 2024 third quarter are down $80.7 million, or 26%, over the same period in the prior year. This decrease is made up of the following:

- Operating lease revenue (includes rent billed and straight-line rent) – down $44.5 million from the prior year due to approximately $59 million of less revenue from our operators on a cash basis in the third quarter of 2024 as compared to the prior year. The majority of this decline is due to Steward (who moved to cash basis starting December 31, 2023, and executed the global settlement in the third quarter of 2024 described in Note 3 to the condensed consolidated financial statements) as we recognized $60 million of rent revenue in the 2023 third quarter, while receiving and recording approximately $10 million of rent revenue in the third quarter of 2024. Operating lease revenues in the 2024 third quarter further declined by approximately $47 million due to disposals and other leasing transactions in 2023 and 2024 (including $29 million from the Utah Transaction described in Note 3 to the condensed consolidated financial statements).

The decreases in operating lease revenue discussed above were partially offset by approximately $50 million more straight-line rent write-offs in the 2023 third quarter compared to the same period of 2024; approximately $2 million from incremental revenue from acquisitions in 2023, capital additions, and the commencement of rent on two development properties in 2024; $2.4 million of favorable foreign currency fluctuations; and approximately $6 million from increases in CPI above the contractual minimum escalations in our leases.

- Income from financing leases – down $16.3 million primarily due to not receiving any cash for rent revenue from Prospect (cash basis tenant) in the third quarter of 2024, whereas we recorded $16.5 million of rent for this tenant in the 2023 third quarter as part of the Prospect Transaction as described in Note 3 to the condensed consolidated financial statements. These decreases were partially offset by $0.2 million from the increase in CPI above the lease contractual minimum escalations.
- Interest and other income – down approximately $20.0 million from the prior year due to the following:
  - Interest from loans – down $19.2 million, primarily due to a $17 million decrease in interest income related to Steward and the international joint venture with moving to cash basis on December 31, 2023, and an approximate $4 million decrease from loan payoffs. These decreases are partially offset by $1.6 million of interest income from the Prime mortgage loan we received in the second quarter of 2024 as a result of the Prime disposal (further described in Note 3 to the condensed consolidated financial statements including the repayment of this loan on August 29, 2024) and $0.4 million of favorable foreign currency fluctuations.
  - Other income – down $0.8 million from the prior year as we had less direct reimbursements from our cash basis tenants for ground leases, property taxes, and insurance.

Interest Expense

Interest expense for the quarters ended September 30, 2024 and 2023 totaled $106.2 million and $106.7 million, respectively. This decrease is primarily related to debt principal repayments including paying off the Australian term loan facility in the second quarter of 2024 (A$470 million), the 2.550% Senior Unsecured Notes in December 2023, and the British pound sterling secured term loan due 2024 in the 2024 second quarter and paying down a portion of our revolver and British pound sterling term loan due 2025 in 2024. The decrease was offset by additional interest from our British pound sterling secured term loan due 2034 that closed in May 2024 and higher overall interest rates. Overall, our weighted-average interest rate was 4.3% for the quarter ended September 30, 2024, compared to 4.0% for the same period in 2023, as our specific rates have increased due to a credit rating adjustment in March 2023 and our Credit Facility amendment on August 6, 2024.

Real Estate Depreciation and Amortization

Real estate depreciation and amortization during the third quarter of 2024 increased to $204.9 million from $77.8 million in 2023 due to approximately $137 million of additional amortization expense recorded in the 2024 third quarter to fully amortize the intangibles associated with two terminated master leases, including the Steward master lease that was terminated effective September 11, 2024 as part of the global settlement discussed in Note 3 to the condensed consolidated financial statements.

Property-related

Property-related expenses totaled $5.0 million and $6.5 million for the quarters ended September 30, 2024 and 2023, respectively. Of the property expenses in the third quarter of 2024 and 2023, approximately $2.6 million and $3.3 million, respectively, represents costs that were reimbursed by our tenants and included in the “Interest and other income” line on our condensed consolidated statements of net income.

General and Administrative

General and administrative expenses decreased to $36.6 million for the 2024 third quarter, compared to $38.1 million for the 2023 third quarter. For the 2024 period, general and administrative expenses included $14.4 million of stock compensation expenses, of which $7 million related to certain 2024 stock grants with cash-settled features that are marked to fair value quarterly.

Gain on Sale of Real Estate

During the three months ended September 30, 2024, the gain on sale of real estate of $91.8 million primarily relates to the sale of eight Dignity Health facilities and 11 UCHealth facilities as more fully described in Note 3 to the condensed consolidated financial statements.

Real Estate and Other Impairment Charges, Net

In the 2024 third quarter, we recognized $607.9 million of real estate and other impairment charges. Of these charges, approximately $425 million consisted of the impairment of working capital loans and other secured loans advanced to Steward, and $180 million was related to real estate, including the Space Coast facilities and certain excess properties previously leased to Steward (as more fully described in Note 3 to the condensed consolidated financial statements).

Earnings (Loss) from Equity Interests

Earnings from equity interests was $21.6 million for the quarter ended September 30, 2024 compared to the $11.3 million of earnings for the same period in 2023. This increase is primarily from our share of income in the Utah partnership that was formed in the 2024 second quarter, which included a $13.5 million positive fair value adjustment primarily related to the underlying real estate, (as further described in Note 3 to the condensed consolidated financial statements), partially offset by not recording any income in the third quarter of 2024 related to our Massachusetts-based partnership with Macquarie.

Debt Refinancing and Unutilized Financing (Costs) Benefit

Debt refinancing and unutilized financing costs were $0.7 million for the third quarter of 2024. These costs were incurred as a result of the reduction in revolving commitments under our Credit Facility and partial paydown of our British pound sterling term loan due 2025. We recognized a benefit for the same period of 2023, as a result of the purchase of £40 million of our 2.550% Senior Unsecured Notes due 2023 at a discounted price.

Other (Including Fair Value Adjustments on Securities)

Other expense for the third quarter of 2024 was $169.8 million, compared to income of $41.1 million in the prior year. For the third quarter of 2024, we recognized unfavorable non-cash fair value adjustments to our investment in PHP Holdings and Aevis of approximately $140 million. The 2024 third quarter also included approximately $29 million of legal and other professional expenses associated with the Steward bankruptcy, responding to certain defamatory statements published by certain parties, including those who are defendants to a lawsuit we filed on March 30, 2023, among other things. For the third quarter of 2023, we recognized an approximate $30 million favorable non-cash fair value adjustment on our investment in PHP Holdings and a CHF 20 million (approximately $22 million) unrealized gain on our equity investment in Swiss Medical Network, partially offset by $2.8 million of expenses associated with responding to defamatory statements previously mentioned.

With certain investments accounted for at fair value, such as our investment in PHP Holdings, we may have positive or negative fair value adjustments from quarter-to-quarter.

Income Tax Expense

Income tax expense includes U.S. federal and state income taxes on our TRS entities, as well as non-U.S. income based or withholding taxes on certain investments located in jurisdictions outside the U.S. The $9.0 million income tax expense for the three months ended September 30, 2024 is primarily based on the income generated by our investments in the U.K. and Germany and slightly less than the $10.1 million income tax expense in the third quarter of 2023.

We utilize the asset and liability method of accounting for income taxes. Deferred tax assets are recorded to the extent we believe these assets will more likely than not be realized. In making such determination, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial performance. Based upon our review of all positive and negative evidence, including our three-year cumulative pre-tax book loss position in certain entities, we concluded that a valuation allowance of approximately $386 million should be reflected against certain of our international and domestic net deferred tax assets at September 30, 2024. In the future, if we determine that it is more likely than not that we will realize our net deferred tax assets, we will reverse the applicable portion of the valuation allowance, recognize an income tax benefit in the period in which such determination is made, and potentially incur higher income tax expense in future periods as income is earned.

Nine Months Ended September 30, 2024 Compared to September 30, 2023

Net loss for the nine months ended September 30, 2024, was ($2.0) billion, or ($3.33) per share compared to net income of $107.5 million, or $0.18 per diluted share, for the nine months ended September 30, 2023. This decrease in net income is primarily driven by the approximate $1.8 billion of impairment charges and negative fair value adjustments related to Steward and the international joint venture as further described in Note 3 to the condensed consolidated financial statements. In addition, we had an approximate $498 million unfavorable fair value adjustment to our investment in PHP Holdings in the first nine months of 2024 along with lower revenues from Steward and property sales. These decreases were partially offset by approximately $475 million of gains on real estate sales in the first nine months of 2024. Normalized funds from operations ("FFO"), after adjusting for certain items (as more fully described in the section titled "Reconciliation of Non-GAAP Financial Measures" in Item 2 of this Quarterly Report on Form 10-Q), was $375.0 million for the first nine months of 2024, or $0.62 per diluted share, as compared to $733.0 million, or $1.22 per diluted share, for the same period of 2023. This 49% decrease in Normalized FFO is primarily due to lower revenues from Steward moving to the cash basis of accounting on December 31, 2023, and as a result of various disposals in 2023 and 2024.

Revenues

A comparison of revenues for the nine months ended September 30, 2024 and 2023 is as follows (dollar amounts in thousands):

	2024	% of Total	2023	% of Total	Year over Year Change
Rent billed	$ 552,784	72.4 %	$ 724,954	72.9 %	(23.7)%
Straight-line rent	119,719	15.7 %	38,875	3.9 %	208.0 %
Income from financing leases	53,832	7.0 %	107,729	10.8 %	(50.0)%
Interest and other income	37,368	4.9 %	122,624	12.4 %	(69.5)%
Total revenues	$ 763,703	100.0 %	$ 994,182	100.0 %	(23.2)%

Our total revenues for the first nine months of 2024 are down $230.5 million, or 23%, over the same period in the prior year. This decrease is made up of the following:

- Operating lease revenue (includes rent billed and straight-line rent) – down $91.3 million from the prior year, primarily due to approximately $164 million of less revenue from our operators on a cash basis in the first nine months of 2024 as compared to the prior year. The majority of this decline is due to Steward as we recognized $181 million of rent revenue in the first nine months of 2023, while receiving and recording approximately $40 million of rent revenue in the first nine months of 2024.

  Operating lease revenues in the first nine months of 2024 further declined by approximately $107 million due to disposals and other leasing transactions in 2023 and 2024 (including approximately $60 million from the Utah Transaction described in Note 3 to the condensed consolidated financial statements). These decreases are partially offset by approximately $145 million more straight-line rent write-offs in the first nine months of 2023 compared to the same period of 2024 (related to the Steward and CommonSpirit transaction in 2023 described in Note 3 to the condensed consolidated financial statements); approximately $11 million in incremental revenue from acquisitions in 2023, capital additions, and the commencement of rent on two development properties in 2024; approximately $7 million of favorable foreign currency fluctuations; and approximately $16 million from increases in CPI above the contractual minimum escalations in our leases.
- Income from financing leases – down $53.9 million primarily due to receiving cash of approximately $25 million for rent revenue from Prospect (cash basis tenant) in the first nine months of 2024, whereas we recorded $72 million of rent for this tenant in the first nine months of 2023. In addition, financing lease income was lower due to an approximate $8 million decrease from the disposal of three Prime financing leases in the third quarter of 2023. These decreases were partially offset by approximately $1 million from the increase in CPI above the lease contractual minimum escalations.
- Interest and other income – down $85.3 million from the prior year due to the following:
  - Interest from loans – down $66.5 million, primarily due to an approximate $49 million decrease in interest income related to Steward and the international joint venture with the move to cash basis on December 31, 2023 and the Steward global settlement in the third quarter of 2024, and an approximate $14 million decrease from loan payoffs and reserves (including $9.1 million from the sale of our interest in the Priory syndicated term loan in the first quarter of 2024). We also recorded approximately $9.5 million more interest revenue in the first nine months of 2023 compared to the same period of 2024 as a result of the Prospect Transaction as described in Note 3 to the condensed consolidated financial statements. These decreases are partially offset by approximately $4 million of interest income from the Prime mortgage loan we received as a result of the

Prime disposal (further described in Note 3 to the condensed consolidated financial statements including the repayment on August 29, 2024), $1 million of higher income from annual escalations due to increases in CPI, and approximately $1.5 million of favorable foreign currency fluctuations.

- Other income – down $18.8 million from the prior year as we had less direct reimbursements from our cash basis tenants for ground leases, property taxes, and insurance.

Interest Expense

Interest expense for the nine months ended September 30, 2024 and 2023 totaled $316.4 million and $308.8 million, respectively. This increase is primarily related to an increase in borrowings on our revolving credit facility on average during the comparable periods that carried higher interest rates (as variable rate debt) compared to the lower fixed interest rates of debt that was repaid in 2023, including the A$730 million Australian term loan facility paid off in the 2023 second quarter and the 2.550% Senior Unsecured Notes paid off in December 2023. We closed on a new British pound sterling secured term loan in May 2024 that also partially contributed to higher interest expense period over period. Overall, our weighted-average interest rate was 4.3% for the nine months ended September 30, 2024, compared to 3.9% for the same period in 2023, as our specific rates have increased due to a credit rating adjustment in March 2023 and our Credit Facility amendment on August 6, 2024.

Real Estate Depreciation and Amortization

Real estate depreciation and amortization during the first nine months of 2024 decreased to $382.7 million from $526.1 million in 2023 due to accelerating the amortization of lease intangibles as part of the sale of hospital operations by Steward and re-leasing of five Steward Utah facilities to CommonSpirit in May 2023 (approximately $286 million) and the sale of various properties in 2024 and 2023. This decrease is partially offset by approximately $170 million of additional amortization expense recorded in 2024 primarily to fully amortize the intangibles associated with two master leases, including the Steward master lease that was terminated effective September 11, 2024.

Property-related

Property-related expenses totaled $17.5 million and $38.3 million for the nine months ended September 30, 2024 and 2023, respectively. Of the property expenses in the first nine months of 2024 and 2023, approximately $9.8 million and $28.6 million, respectively, represents costs that were reimbursed by our tenants and included in the "Interest and other income" line on our condensed consolidated statements of net income.

General and Administrative

General and administrative expenses decreased to $105.3 million for the first nine months of 2024, compared to $115.4 million for the same period of 2023. For the 2024 period, general and administrative expenses included $30.6 million of stock compensation expense, of which $9 million related to certain 2024 stock grants with cash-settled features that are marked to fair value quarterly.

Gain on Sale of Real Estate

During the nine months ended September 30, 2024, the gain on sale of real estate of $475.2 million primarily related to the disposal of five Prime facilities, a 75% interest in five Utah facilities as part of the Utah Transaction, and the sale of eight Dignity Health facilities and 11 UCHealth facilities as more fully described in Note 3 to the condensed consolidated financial statements.

Real Estate and Other Impairment Charges, Net

In the first nine months of 2024, we recognized $1.4 billion of real estate and other impairment charges and fair value adjustments, primarily associated with our investments in Steward and the international joint venture as further described in Note 3 to the condensed consolidated financial statements. In the first nine months of 2023, we recorded a $93.3 million net impairment charge, of which $82 million related to the Australia Transaction and $11 million was a non-cash impairment charge on the three Prime properties as more fully described in Note 3 to the condensed consolidated financial statements.

Earnings (Loss) from Equity Interests

Loss from equity interests was ($369.6) million for the nine months ended September 30, 2024, compared to $34.8 million of earnings for the same period in 2023, primarily due to the $410 million charge in the second quarter of 2024 associated with the real estate impairment in our Massachusetts-based partnership with Macquarie as further described in Note 3 to the condensed consolidated financial statements. This was partially offset by our share of income on our new Utah partnership as a result of the Utah Transaction in the second quarter of 2024.

Debt Refinancing and Unutilized Financing (Costs) Benefit

Debt refinancing and unutilized financing costs were $3.7 million for the first nine months of 2024. These costs were incurred as a result of the reduction in revolving commitments under our Credit Facility and partial paydown of our British pound sterling term loan due 2025, both of which are described in more detail in Note 4 to the condensed consolidated financial statements. Our debt refinancing and unutilized financing net benefit for the first nine months of 2023 was a result of a $0.9 million benefit related to the purchase of £40 million of our 2.550% Senior Unsecured Notes due 2023 in the third quarter of 2023 at a discounted price, partially offset by $0.8 million of costs associated with the partial prepayment of our A$1.2 billion Australian term loan in the second quarter of 2023.

Other (Including Fair Value Adjustments on Securities)

Other expense for the first nine months of 2024 was $566.8 million, compared to $25.4 million of income in the prior year. For 2024, we recognized an approximate $498 million unfavorable fair value adjustment to our investment in PHP Holdings. In addition, we incurred a $7.8 million economic loss from the sale of our interest in the Priory syndicated term loan and approximately $46.5 million of legal and other professional expenses associated with the Steward bankruptcy, responding to certain defamatory statements published by certain parties, including those who are defendants to a lawsuit we filed on March 30, 2023, among other things. For 2023, we had an approximate $30 million favorable non-cash fair value adjustment on our investment in PHP Holdings and a CHF 20 million (approximately $22 million) unrealized gain on our equity investment in Swiss Medical Network, partially offset by $13 million of expenses associated with responding to defamatory statements previously mentioned.

Income Tax Expense

Income tax expense includes U.S. federal and state income taxes on our TRS entities, as well as non-U.S. income based or withholding taxes on certain investments located in jurisdictions outside the U.S. The $34.5 million income tax expense for the nine months ended September 30, 2024 is primarily based on the income generated by our investments in the U.K. and Germany, and included $5 million of additional tax expense in the second quarter of 2024 as a result of the gain on the interest rate swap associated with the internal restructuring of the British pound sterling term loan due 2025. In comparison, we had a $134.7 million income tax benefit in the first nine months of 2023, which included a $158 million benefit by entering the U.K. REIT regime and a $5.0 million tax benefit recognized in the first quarter of 2023 related to the expected sale of our Australia facilities.

We utilize the asset and liability method of accounting for income taxes. Deferred tax assets are recorded to the extent we believe these assets will more likely than not be realized. In making such determination, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial performance. Based upon our review of all positive and negative evidence, including our three-year cumulative pre-tax book loss position in certain entities, we concluded that a valuation allowance of approximately $386 million should be reflected against certain of our international and domestic net deferred tax assets at September 30, 2024. In the future, if we determine that it is more likely than not that we will realize our net deferred tax assets, we will reverse the applicable portion of the valuation allowance, recognize an income tax benefit in the period in which such determination is made, and potentially incur higher income tax expense in future periods as income is earned.

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, including amortization related to in-place lease intangibles, and after adjustments for unconsolidated partnerships and joint ventures.

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

We believe that the use of FFO, combined with the required GAAP presentations, improves the understanding of our operating results among investors and the use of normalized FFO makes comparisons of our operating results with prior periods and other companies more meaningful. While FFO and normalized FFO are relevant and widely used supplemental measures of operating and financial performance of REITs, they should not be viewed as a substitute measure of our operating performance since the measures do not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs (if any are not paid by our tenants) 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.

The following table presents a reconciliation of net (loss) income attributable to MPT common stockholders to FFO and Normalized FFO for the three and nine months ended September 30, 2024 and 2023 (in thousands except per share data):

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
FFO information:				
Net (loss) income attributable to MPT common stockholders	$ (801,163)	$ 116,710	$ (1,997,423)	$ 107,467
Participating securities' share in earnings	(153)	(311)	(807)	(1,295)
Net (loss) income, less participating securities' share in earnings	$ (801,316)	$ 116,399	$ (1,998,230)	$ 106,172
Depreciation and amortization	218,646	96,280	430,128	580,484
(Gain) loss on sale of real estate	(91,795)	20	(475,196)	(209)
Real estate impairment charges	179,952	3,750	679,276	55,854
Funds from operations	$ (494,513)	$ 216,449	$ (1,364,022)	$ 742,301
Write-off of billed and unbilled rent and other	(159)	52,742	2,846	150,576
Other impairment charges, net	427,970	—	1,169,943	37,434
Litigation and other	28,899	2,759	46,507	12,987
Share-based compensation adjustments	—	1,243	—	(3,120)
Non-cash fair value adjustments	130,949	(46,815)	511,472	(42,562)
Tax rate changes and other	8	—	4,596	(164,535)
Debt refinancing and unutilized financing costs (benefit)	713	(862)	3,677	(46)
Normalized funds from operations	$ 93,867	$ 225,516	$ 375,019	$ 733,035
Per diluted share data:				
Net (loss) income, less participating securities' share in earnings	$ (1.34)	$ 0.19	$ (3.33)	$ 0.18
Depreciation and amortization	0.37	0.16	0.72	0.97
(Gain) loss on sale of real estate	(0.15)	—	(0.79)	—
Real estate impairment charges	0.30	0.01	1.13	0.09
Funds from operations	$ (0.82)	$ 0.36	$ (2.27)	$ 1.24
Write-off of billed and unbilled rent and other	—	0.09	—	0.25
Other impairment charges, net	0.71	—	1.94	0.06
Litigation and other	0.05	0.01	0.08	0.02
Share-based compensation adjustments	—	—	—	(0.01)
Non-cash fair value adjustments	0.22	(0.08)	0.85	(0.07)
Tax rate changes and other	—	—	0.01	(0.27)
Debt refinancing and unutilized financing costs (benefit)	—	—	0.01	—
Normalized funds from operations	$ 0.16	$ 0.38	$ 0.62	$ 1.22

LIQUIDITY AND CAPITAL RESOURCES

2024 Cash Flow Activity

During the first nine months of 2024, we generated approximately $169 million of cash flows from operating activities, primarily consisting of rent and interest from mortgage and other loans. In addition to operating cash flows, we received approximately $1.8 billion during the first nine months of 2024 from the Utah Transaction and the sale of 25 properties (as further discussed in Note 3 to the condensed consolidated financial statements), along with approximately $130 million from the sale of our interest in the syndicated Priory term loan and remaining minority interest in Lifepoint Behavioral. In May 2024, we closed on a new secured term loan, generating proceeds of approximately $800 million. We used our operating cash flows, asset sale proceeds, and term loan proceeds to fund our dividends of $273 million, pay down over $1 billion of our revolving credit facility and British pound sterling term loan due 2025, and to pay off our British pound sterling secured term loan due 2024.

See below for further details of these transactions along with additional liquidity activity in the first nine months of 2024:

- we completed the sales of 11 properties to UCHealth for approximately $86 million of proceeds and eight properties to Dignity Health for approximately $160 million of proceeds;
- we completed the sale of five properties to Prime for cash proceeds of $250 million along with a $100 million interest-bearing mortgage loan that was fully repaid on August 29, 2024;
- we completed the Utah Transaction (as discussed in Note 3 to the condensed consolidated financial statements) that generated cash proceeds of approximately $1.1 billion. With the proceeds from these asset sales, we paid off and terminated our $306 million Australian term loan facility that was due in May 2024 and paid down a portion of our revolving credit facility;
- on May 24, 2024, we closed on a secured loan facility with a consortium of institutional investors that provides for a term loan in aggregate principal amount of approximately £631 million (approximately $800 million) secured by a portfolio of 27 properties located in the U.K. currently leased to affiliates of Circle. The facility carries a fixed rate of 6.877% over its 10-year term, excluding fees and expenses, and is interest-only (payable quarterly in advance) through the maturity date. The facility is secured by first priority mortgages or similar security instruments on the relevant properties, including assignments of rents and security over accounts, and is non-recourse to us. We used the majority of the net proceeds of the facility to pay down portions of our revolving credit facility and British pound sterling term loan due 2025, and to pay off our British pound sterling secured term loan due 2024 (approximately £105 million);
- in May 2024, both S&P Global Ratings and Moody's downgraded our corporate ratings. These ratings declining could have a negative impact on us in the form of higher interest rates on any new or amended debt instruments we may enter into in the future; and
- primarily as a result of our Quarterly Report on Form 10-Q for the period ended March 31, 2024, not being filed timely, we are currently ineligible to file a new short-form registration statement on Form S-3 or access our existing registration statement on Form S-3 for sales of securities, including under our at-the-market ("ATM") program, until June 1, 2025, which may impair our ability to raise capital in the public markets. While we are able to use other registration avenues for public offerings, such avenues are less expeditious and efficient than a shelf registration statement on Form S-3. See "Risk Factors" in our Quarterly Report on Form 10-Q for the period ended March 31, 2024, for additional information.

Subsequent to September 30, 2024, we recovered cash related to our Norwood property that exceeded our recovery receivables (as discussed in Note 3 to the condensed consolidated financial statements) and sold three facilities for approximately $45 million. In addition, we funded a quarterly cash dividend of $48 million on October 10, 2024, which was declared by our Board of Directors on August 22, 2024. Finally, on November 8, 2024, Astrana Health entered into a binding agreement to purchase the majority of PHP Holdings for approximately $745 million and the assumption of certain liabilities. After satisfaction of certain obligations, we expect to receive approximately $200 million in total proceeds. We expect to receive the majority of these proceeds in the first half of 2025, while a $50 million payment is expected by 2027.

Debt Amendments and Covenant Compliance

On April 12, 2024, we amended the Credit Facility and certain other agreements to (i) reduce revolving commitments from $1.8 billion to $1.4 billion, (ii) apply certain proceeds from the Utah Transaction and other asset sales and debt transactions to repay the Australian term loan facility and certain other outstanding obligations, including revolving loans under the Credit Facility to the extent necessary to reduce the outstanding borrowings to no more than the amended $1.4 billion commitment, (iii) lower the maximum permitted secured leverage ratio from 40% to 25%, and (iv) waive the 10% cap on unencumbered asset value attributable to tenants subject to a bankruptcy event for purposes of determining compliance with the unsecured leverage ratio for the trailing four fiscal quarter period ended June 30, 2024, and for purposes of determining pro forma compliance with the unsecured leverage ratio for certain asset sale and debt transactions.

On August 6, 2024, we entered into an amendment to the Credit Facility and the British pound sterling term loan due 2025 (the "Amendments") to (i) further reduce our maximum borrowing in the Credit Facility from $1.4 billion to $1.28 billion, (ii) increase borrowing spreads to 300 basis points during the Modified Covenant Period (defined below) and then to 225 basis points after the Modified Covenant Period, and (iii) require that proceeds of certain future asset sales and debt transactions (during the Modified Covenant Period) be applied to repay certain outstanding obligations, including our revolving loans (by 15% of such proceeds but for which the revolving loans can be reborrowed) and our British pound sterling term loan due 2025 (by 50% of such proceeds).

The Amendments also amended certain covenants including increasing the maximum total leverage ratio covenant from 60% to 65% and the maximum unsecured leverage ratio covenant from 65% to 70% and decreasing the minimum unsecured interest coverage ratio from 1.75:1.00 to 1.45:1.00. The Amendments were effective as of June 30, 2024 and will continue in effect through and including September 30, 2025, unless earlier terminated by us (the "Modified Covenant Period") at which point the credit agreement provides that covenants will automatically reset to their prior levels. In addition, the Amendments permanently reduced the minimum consolidated adjusted net worth covenant from approximately $6.7 billion to $5 billion, in each case plus the sum of certain equity proceeds. The Amendments also limit the payment of dividends in cash during the Modified Covenant Period to $0.08 per share in any fiscal quarter, but the Amendments do not provide any additional restrictions on the payment of dividends outside of the Modified Covenant Period.

As of September 30, 2024, we are in compliance with all such financial and operating covenants. However, as of September 30, 2024, we would not have been in compliance with certain covenants without the Amendments discussed above. Our ability to maintain compliance with our debt covenants, including the reset leverage and interest coverage requirements after the end of the Modified Covenant Period, depends primarily on reducing debt through asset sales, retention of cash generated from our monthly rent and interest receipts, extending maturities of certain debt instruments, and other access to capital. We expect to continue to comply with these covenants, but if we are not in compliance, including following the expiration of the Modified Covenant Period, we would have to seek additional amendments to our covenants. However, no assurances can be made that such amendments 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.

2023 Cash Flow Activity

During the first nine months of 2023, we generated approximately $370.4 million of cash flows from operating activities, primarily consisting of rent and interest from mortgage and other loans. We used these operating cash flows (along with cash on-hand and borrowings on our revolving credit facility) to fund our dividends of $524.2 million.

In regard to other investing and financing activities in the first nine months of 2023, we did the following:

a) sold seven Australian properties as part of the Australia Transaction resulting in proceeds of A$730 million and used such proceeds to pay down our Australian term loan;

b) sold three properties to Prime resulting in proceeds of $100 million;

c) received approximately $500 million of loan principal proceeds, including approximately $200 million from the Lifepoint Transaction, $100 million from Steward after the completion of their sale of Utah properties to CHIC, CHF 60 million from the payoff of a loan by Infracore, and approximately $100 million from the sale of our temporary interest in Steward's asset-backed credit facility;

d) funded approximately $250 million of new investments, including $95 million to Prospect as part of its recapitalization plan that was implemented on May 23, 2023;

e) funded approximately $195 million to Steward, including its temporary participation in its syndicated four-year asset-backed credit facility and loans for general working capital purposes; and

f) retired approximately £40 million of our 2.550% Senior Unsecured Notes due 2023.

See Note 3 to the condensed consolidated financial statements for further details on the transactions above.

Short-term Liquidity Requirements:

Our short-term liquidity requirements typically consist of general and administrative expenses, dividends in order to comply with REIT requirements, interest payments on our debt, and planned funding commitments on development and capital improvement projects for the next twelve months. Our monthly rent and interest receipts and distributions from our joint venture arrangements are typically enough to cover our short-term liquidity requirements.

However, with higher interest rates, loss of revenue from asset sales, ramping up of cash rents from new operators of 17 properties formerly leased to Steward, not as predictable revenue from Prospect, and $1.2 billion of debt coming due within the next twelve months, we have looked to other initiatives to improve cash flows including:

- through November 8, 2024, we have raised approximately $2.9 billion of liquidity (as previously discussed above under "2024 Cash Flow Activity") comfortably exceeding our initial full year liquidity target of $2.0 billion;
- completing the binding sale of PHP Holdings to Astrana Health, from which we expect to receive approximately $150 million in the first half of 2025 with the remaining $50 million to be received by 2027;
- completing the binding sale of three Connecticut facilities to Yale New Haven with a contract price of $355 million, which such sale has been approved by the state of Connecticut's Office of Health Strategy;

- extending the maturity of existing term loans; and
- managing the form (cash or stock) and amount of our dividend requirements in line with the credit facility amendment dated August 6, 2024 and REIT requirements.

We believe these initiatives, along with liquidity of approximately $1.2 billion (including cash on-hand, availability under our $1.28 billion revolving credit facility, and recovery proceeds received on our Norwood property as discussed in Note 3 to the condensed consolidated financial statements) at November 8, 2024, and routine cash receipts of rent and interest can fund our short-term liquidity requirements.

In addition to the cash flow improvement initiatives discussed above, we could see further cash flow upside from the transition of our remaining vacant facilities to new healthcare operators (whether it be from a sale of our real estate or in the form of rent paid by the new lessee).

Long-term Liquidity Requirements:

Our long-term liquidity requirements generally consist of the same requirements described above under “Short-term Liquidity Requirements” along with the acquisition of real estate and the funding of debt maturities coming due after the next twelve months. At this time, we do not expect any material acquisitions of real estate in the foreseeable future.

As described previously, our monthly rent and interest receipts and distributions from our joint venture arrangements along with our current liquidity of approximately $1.2 billion at November 8, 2024, are typically enough to cover our short-term liquidity requirements. However, to address upcoming debt maturities (as outlined below), we may need to look to other sources, which may include one or a combination of the following:

- reducing our dividend (or moving to a stock dividend), while still complying with REIT requirements and credit facility covenants, as amended on August 6, 2024;
- further property sales or joint ventures, including the completion of the binding sale of three Connecticut facilities to Yale with a contract price of $355 million;
- monetizing our investment in operators, including our investment in PHP Holdings that is expected to close in the first half of 2025;
- entering into new secured loans on real estate;
- extending the maturity of existing term loans;
- identifying and implementing cost reduction opportunities;
- entering into new bank term loans or issuing new USD, EUR, or GBP denominated debt securities; and
- 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 a result of our Quarterly Report on Form 10-Q for the period ended March 31, 2024, not being filed timely, we are currently ineligible to file a new shelf registration statement on Form S-3 or access our existing registration statement on Form S-3 for sales of securities, including under our ATM program, until June 1, 2025, which may impair our ability to raise capital in the public markets. While we are able to use other registration avenues for public offerings, such avenues are less expeditious and efficient than a shelf registration statement on Form S-3. See "Risk Factors" in our Quarterly Report on Form 10-Q for the period ended March 31, 2024.

Principal payments due on our debt (which exclude the effects of any discounts, premiums, or debt issue costs recorded) as of November 8, 2024 are as follows (in thousands):

2024	$	—
2025		1,172,905
2026		2,054,706
2027		1,600,000
2028		775,260
Thereafter		3,468,040
Total	$	9,070,911

Contractual Commitments

We presented our contractual commitments in our 2023 Annual Report on Form 10-K and provided updates in our Quarterly Reports on Form 10-Q for the periods ended March 31, 2024 and June 30, 2024. Except for the changes noted below, there have been no significant changes through November 8, 2024.

The following table updates our contractual commitments schedule as of November 8, 2024 (in thousands):

Contractual Commitments	2024(1)	2025	2026	2027	2028	Thereafter	Total
British pound sterling term loan	$ 1,912	$ 637,974	$ —	$ —	$ —	$ —	$ 639,886
Revolving credit facility	4,062	26,894	385,085	—	—	—	416,041
Term loan	2,611	15,403	14,266	207,074	—	—	239,354

(1) This column represents obligations post November 8, 2024.

Distribution Policy

The table below is a summary of our distributions declared during the two year period ended September 30, 2024:

Declaration Date	Record Date	Date of Distribution	Distribution per Share
August 22, 2024	September 9, 2024	October 10, 2024	$ 0.08
May 30, 2024	June 10, 2024	July 9, 2024	$ 0.15
April 12, 2024	April 22, 2024	May 1, 2024	$ 0.15
November 9, 2023	December 7, 2023	January 11, 2024	$ 0.15
August 21, 2023	September 14, 2023	October 12, 2023	$ 0.15
April 27, 2023	June 15, 2023	July 13, 2023	$ 0.29
February 16, 2023	March 16, 2023	April 13, 2023	$ 0.29
November 10, 2022	December 8, 2022	January 12, 2023	$ 0.29

It is our policy to make sufficient distributions to stockholders in order for us to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended, and to efficiently manage corporate income and excise taxes on undistributed income. However, our Credit Facility limits the amount of dividends we can make- see Note 4 to the condensed consolidated financial statements for further information.

Item 3. 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 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 hedging, 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.

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 September 30, 2024, our outstanding debt totaled $9.3 billion, which consisted of fixed-rate debt of approximately $8.7 billion (after considering interest rate swaps in-place) and variable rate debt of $0.6 billion. If market interest rates increase by 10% on our fixed rate debt, the fair value of our debt at September 30, 2024 would decrease by approximately $212.0 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 market.

If market rates of interest on our variable rate debt increase by 10%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by $4.2 million per year. If market rates of interest on our variable rate debt decrease by 10%, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by $4.2 million per year. This assumes that the average amount outstanding under our variable rate debt for a year is $0.6 billion, the balance of such variable rate debt at September 30, 2024.

Foreign Currency Sensitivity

With our investments in the U.K., Germany, Spain, Italy, Portugal, Switzerland, Finland, and Colombia, we are subject to fluctuations in the British pound, euro, Swiss franc, and Colombian peso to U.S. dollar currency exchange rates. Although we generally deem investments in these countries to be of a long-term nature, are typically able to match any non-U.S. dollar borrowings with investments in such currencies, and historically have not needed to repatriate a material amount of earnings back to the U.S., increases or decreases in the value of the respective non-U.S. dollar currencies to U.S. dollar exchange rates may impact our financial condition and/or our results of operations. Based solely on our 2024 operating results to-date and on an annualized basis, a 10% change to the following exchange rates would have impacted our net income, FFO, and Normalized FFO by the amounts below (in thousands):

	Net Income Impact	FFO Impact	NFFO Impact
British pound (£)	$ 10,591	$ 20,476	$ 21,411
Euro (€)	1,317	5,981	6,230
Swiss franc (CHF)	1,247	1,263	2,956
Colombian peso (COP)	187	264	2,018

Item 4. Controls and Procedures.

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

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

As required by Rule 13a-15(b), under the Securities Exchange Act of 1934, as amended, we have carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by us in the reports that we file under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms.

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are party to various lawsuits as further described in Note 9 "Commitments and Contingencies" to the condensed consolidated financial statements. We have not recorded a liability related to any particular lawsuit because, at this time, we are unable to determine whether an unfavorable outcome is probable or to estimate reasonably possible losses.

In addition to the foregoing, we are currently and have in the past been subject to various legal proceedings and regulatory actions in connection with our business. We believe that the resolution of any current pending legal or regulatory matters will not have a material adverse effect on our business, financial condition, results of operations, or cash flows. Nonetheless, we cannot predict the outcome of these proceedings, as legal and regulatory matters are subject to inherent uncertainties, and there exists the possibility that the ultimate resolution of such matters could have a material adverse effect on our financial condition, cash flows, results of operations, and the trading price of our common stock.

Item 1A. Risk Factors.

Other than the risk factors disclosed on pages 41 and 42 in our Quarterly Report on Form 10-Q for the period ended March 31, 2024, there have been no material changes to the Risk Factors as presented in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

(a) None.

(b) Not applicable.

(c) Stock repurchases:

The table below summarizes repurchases of our common stock made during the quarter ended September 30, 2024:

Period	Total number of shares purchased(1) (in thousands)	Average price per share	Total number of shares purchased as part of publicly announced programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in thousands)
July 1-July 31, 2024	94	$ 4.46	—	$ —

(1) The number of shares purchased consists of shares of common stock tendered by employees to satisfy the employees' tax withholding obligations arising as a result of vesting of restricted stock awards under the Equity Incentive Plan, which shares were purchased based on their fair market value on the vesting date.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

(a) None.

(b) None.

(c) Director and Officer Trading Arrangements

During the three months ended September 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities and Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
10.1*	Amendment No. 2 to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of August 6, 2024, by and among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the Guarantors party hereto, the several lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
Exhibit 104*	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)

* Filed herewith.
** Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

MEDICAL PROPERTIES TRUST, INC.

By: /s/ J. Kevin Hanna

J. Kevin Hanna
Senior Vice President, Controller, Assistant Treasurer, and
Chief Accounting Officer
(Principal Accounting Officer)

MPT OPERATING PARTNERSHIP, L.P.

By: /s/ J. Kevin Hanna

J. Kevin Hanna
Senior Vice President, Controller, Assistant Treasurer, and
Chief Accounting Officer
of the sole member of the general partner
of MPT Operating Partnership, L.P.
(Principal Accounting Officer)

Date: November 12, 2024

Exhibit 10.1

AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN *AGREEMENT*

This **AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT**, dated as of August 6, 2024 (this "**Amendment No. 2**"), is by and among MEDICAL PROPERTIES TRUST, INC., a Maryland corporation ("**Holdings**"), MPT OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (the "**Borrower**"), the Guarantors party hereto, the Lenders listed on the signature pages hereof, which constitute the Required Lenders (the "**Consenting Lenders**") and JPMORGAN CHASE BANK, N.A., as administrative agent for the Lenders (the "**Administrative Agent**"). Reference is made to that certain Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of June 29, 2022 (as amended by that certain Amendment No. 1 to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of April 12, 2024 and as further amended, restated, replaced, supplemented or modified from time to time, the "**Credit Agreement**"), by and among Holdings, the Borrower, the Lenders referenced therein and the Administrative Agent. Capitalized terms used herein without definition shall have the same meanings as set forth in the Credit Agreement.

RECITALS

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders make certain amendments to the Credit Agreement; and

WHEREAS, the Borrower, the Administrative Agent and the Consenting Lenders are willing to make such amendments as set forth herein;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO CREDIT AGREEMENT.

A. As of the Amendment Effective Date (as defined in Section 4 hereof), the Credit Agreement (excluding the Exhibits and Schedules) is hereby amended as set forth on Exhibit A attached hereto such that all of the newly inserted bold, double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double-underlined text) and any formatting changes reflected therein shall be deemed to be inserted and reflected in the text of the Credit Agreement and all of the deleted stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~ and ~~stricken text~~) shall be deemed to be deleted from the text of the Credit Agreement.

B. As of the Amendment Effective Date (as defined in Section 4 hereof), Schedule AR to the Credit Agreement is hereby amended and restated in its entirety as set forth in Exhibit B attached hereto.

C. As of the Amendment Effective Date (as defined in Section 4 hereof), Schedule 1.1A to the Credit Agreement is hereby amended and restated in its entirety as set forth in Exhibit C attached hereto.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF BORROWER AND HOLDINGS TC

In order to induce the Lenders and Administrative Agent to enter into this Amendment No. 2, Borrower and Holdings each represents and warrants to each Lender and Administrative Agent that the following statements are true, correct and complete as of the date hereof:

(i) each Loan Party has the power and authority, and the legal right, to make, deliver and perform its obligations under this Amendment No. 2 and, as applicable, the Credit Agreement as amended by this Amendment No. 2 (the "**Amended Agreement**");

(ii) each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of this Amendment No. 2;

(iii) no consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment No. 2, except consents, authorizations, filings and notices which have been obtained or made and are in full force and effect;

(iv) the execution, delivery and performance of this Amendment No. 2 will not violate (i) the charter, by-laws or other constitutive documents of any Loan Party or (ii) any Requirement of Law or any Contractual Obligation of any Group Member, except, in the case of this clause (ii), for any such violation which could not reasonably be expected to have a Material Adverse Effect, and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation;

(v) this Amendment No. 2 has been duly executed and delivered by each Loan Party and this Amendment No. 2 and the Amended Agreement are the legal, valid and binding obligations of each Loan Party party thereto, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(vi) the representations and warranties contained in Section 4 of the Credit Agreement are and will be true and correct in all material respects (other than any representation or warranty qualified as to "materiality", "Material Adverse Effect" or similar language, which shall be true and correct in all respects) on and as of the date hereof and the Amendment Effective Date to the same extent as though made on and as of such dates, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects (other than any representation or warranty qualified as to "materiality", "Material Adverse Effect" or similar language, which shall be true and correct in all respects) on and as of such earlier date; and

(vii) no Default or Event of Default has occurred and is continuing.

SECTION 3. ACKNOWLEDGEMENT AND CONSENT

Each of Holdings and the undersigned Additional Guarantors (as defined in the Guarantee Agreement described below) has read this Amendment No. 2 and consents to the terms hereof and further hereby confirms and agrees that, notwithstanding the effectiveness of this Amendment No. 2, the obligations of Holdings and such Additional Guarantor under each of the Loan Documents to which Holdings and such Additional Guarantor is a party shall not be impaired and each of the Loan Documents to which Holdings and such Additional Guarantor is a party is, and shall continue to be, in full force and effect and is hereby confirmed and ratified in all respects.

Each of Holdings, the Additional Guarantors, and the Borrower hereby acknowledges and agrees that each reference to the "Credit Agreement" in the defined term "Guarantor Obligations" under, and as defined in, the Amended and Restated Guarantee Agreement, dated as of June 29, 2022, by and among Holdings, the Additional Guarantors, and the Administrative Agent (the "**Guarantee Agreement**") TC will be understood to refer to the Credit Agreement (as amended hereby).

SECTION 4.CONDITIONS TO EFFECTIVENESS TC

Except as set forth below, Section 1 of this Amendment No. 2 shall become effective only upon the satisfaction of the following conditions precedent (the first date that all such conditions have been satisfied being referred to as the "**Amendment Effective Date**"):

A. The Borrower, Holdings, the Additional Guarantors, the Administrative Agent and the Required Lenders shall have indicated their consent hereto by the execution and delivery of the signature pages hereof to the Administrative Agent.

B. The Borrower shall have paid the Administrative Agent, for the account of each Consenting Lender, a consent fee equal to 0.075% (7.5 basis points) of such Consenting Lender's portion of the aggregate amount of outstanding Term Loans and Revolving Commitments as of the Amendment Effective Date, calculated after giving effect to the reduction in Revolving Commitments pursuant to Section 2.4(d) of the Credit Agreement (as amended hereby).

C. Borrower shall have paid or reimbursed the Administrative Agent and the Lenders and their respective Affiliates for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with this Amendment No. 2 and the consummation and administration of the transactions contemplated thereby, including the reasonable and documented fees and disbursements of Davis Polk & Wardwell LLP, as counsel to the Administrative Agent and the Lenders, to the extent invoiced not less than two (2) Business Days prior to the Amendment Effective Date.

D. The UK Facility has been amended pursuant to the terms of the UK Facility contemporaneously with the transactions contemplated by this Agreement and the terms and conditions of such amendment are reasonably satisfactory to the Administrative Agent (provided that such amendment will be deemed to be satisfactory to Administrative Agent if the terms of such amendment are substantially similar to the draft amendment dated July 29, 2024 and provided to Administrative Agent).

SECTION 5. MISCELLANEOUS TC

A. **Notice of Repayment**. This Amendment constitutes a notice of repayment of Revolving Loans for purposes of Section 2.10(a) of the Credit Agreement with respect to all repayments of Revolving Loans required to be made under Section 6.14 of the Credit Agreement, in each case conditioned on the requirement to make such prepayment arising under Section 6.14 of the Credit Agreement.

B. **Reference to and Effect on the Credit Agreement and the Other Loan Documents**.

(i) On and after the Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement and each reference in the other Loan Documents to the “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

(ii) Except as specifically amended by this Amendment No. 2, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

(iii) The execution, delivery and performance of this Amendment No. 2 shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under the Credit Agreement or any of the other Loan Documents.

(iv) This Amendment No. 2 shall be deemed to be a “Loan Document”.

C. **Headings**. Section and subsection headings in this Amendment No. 2 are included herein for convenience of reference only and shall not constitute a part of this Amendment No. 2 for any other purpose or be given any substantive effect.

D. **Applicable Law** TC . THIS AMENDMENT NO. 2 AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

E. **Counterparts; Effectiveness**. This Amendment No. 2 may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Delivery of an executed counterpart of a signature page of this Amendment No. 2 by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment No. 2. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Amendment No. 2 and/or any document to be signed in connection with this Amendment No. 2 and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "***Electronic Signatures***" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

MEDICAL PROPERTIES TRUST, INC.

By: /s/ R. Steven Hamner
Name: R. Steven Hamner
Title: Executive Vice President and Chief Financial Officer

MPT OPERATING PARTNERSHIP, L.P.

By: MEDICAL PROPERTIES TRUST, LLC, its general partner

By: MEDICAL PROPERTIES TRUST, INC., its sole member

By: /s/ R. Steven Hamner
Name: R. Steven Hamner
Title: Executive Vice President and Chief Financial Officer

[SIGNATURE PAGE – AMENDMENT NO. 2]

ADDITIONAL GUARANTORS:

MPT HARROW LTD

By: /s/ Conor O'Donnell
Name: Conor O'Donnell
Title: Director

MPT OSBORNE LTD

By: /s/ Conor O'Donnell
Name: Conor O'Donnell
Title: Director

MPT MILTON KEYNES LTD

By: /s/ Conor O'Donnell
Name: Conor O'Donnell
Title: Director

MPT HENDON LTD

By: /s/ Conor O'Donnell
Name: Conor O'Donnell
Title: Director

MPT EDGBASTON LTD

By: /s/ Conor O'Donnell
Name: Conor O'Donnell
Title: Director

MPT DROITWICH SPA LTD

By: /s/ Conor O'Donnell
Name: Conor O'Donnell
Title: Director

MPT DORCHESTER LTD

By: /s/ Conor O'Donnell
Name: Conor O'Donnell
Title: Director

EXECUTED by **Evolution Trustees Limited**)
(ABN 29 611 839 519) as trustee of the MPT)
Australia Realty Trust

________ ________
Signature of director Signature of director / company secretary
(delete as applicable)

________ ________
Name of director (print) Name of director / company secretary (print)

[SIGNATURE PAGE – AMENDMENT NO. 2]

JPMORGAN CHASE BANK, N.A., as Administrative Agent and as a Lender and Issuing Lender

By: /s/ Lance Buxkemper____
Name: Lance Buxkemper
Title: Executive Director

[SIGNATURE PAGE – AMENDMENT NO. 2]

BARCLAYS BANK PLC,
as a Lender and Issuing Lender

By: /s/ Craig Malloy
Name: Craig Malloy
Title: Director

BANK OF AMERICA, N.A.,
as a Lender and Issuing Lender

By: /s/ H. Hope Walker
Name: H. Hope Walker
Title: Senior Vice President

GOLDMAN SACHS BANK USA,
as a Lender and Issuing Lender

By: /s/ Jonathan Dworkin
Name: Jonathan Dworkin
Title: Authorized Signatory

KeyBank National Association,
as a Lender and Issuing Lender

By: /s/ Laura Conway
Name: Laura Conway
Title: Senior Vice President

THE BANK OF NOVA SCOTIA,
as a Lender

By: /s/ Robb Gass
Name: Robb Gass
Title: Managing Director

BNP Paribas,
as a Lender

By: /s/ John Bosco
Name: John Bosco
Title: Managing Director

By: /s/ Claudia Zarate
Name: Claudia Zarate
Title: Managing Director

CITIZENS BANK, N.A.,
as a Lender

By: /s/ Edward C. Brady
Name: Edward C. Brady
Title: Senior Vice President

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as a Lender

By: /s/ Michael Ubriaco
Name: Michael Ubriaco
Title: Director

By: /s/ Jill Wong
Name: Jill Wong
Title: Director

HANCOCK WHITNEY BANK,
as a Lender

By: /s/ Michael Woodnorth
Name: Michael Woodnorth
Title: Vice President

MUFG BANK, LTD.,
as a Lender

By: /s/ Dominic Yung
Name: Dominic Yung
Title: Director

Royal Bank of Canada,
as a Lender

By: /s/ William Behuniak
Name: William Behuniak
Title: Authorized Signatory

SUMITOMO MITSUI BANKING CORPORATION,
as a Lender

By: /s/ Mary Harold
Name: Mary Harold
Title: Managing Director

TRUIST BANK, as a Lender

By: /s/ John Saylor
Name: John Saylor
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Andrea Chen
Name: Andrea Chen
Title: Managing Director

[Signature Page – Amendment No. 2]

Exhibit A

Credit Agreement

[See attached]

Exhibit B

Schedule AR

1. As soon as available to the Borrower, but in any event no later than the fifteen calendar days after the end of each month ending during the Covenant Relief Period, a liquidity statement setting forth in reasonable detail the Borrower's liquidity position as of the last Business Day of each such month, itemized by type and currency.

2. As soon as available to the Borrower, but in any event no later than the last Business Day of each calendar month of ending during the Covenant Relief Period, updates on Steward Health Care Services LLC or its Subsidiaries ("Steward"), consisting of (i) updates on the status of any asset sales, other dispositions or re-leasing transactions, (ii) details on any pending or contemplated restructuring transactions and (iii) details on any changes to the obligations owing from Steward to the Borrower and/or its Subsidiaries; *provided* that the obligations under this paragraph (2) may be satisfied, at the election of the Borrower, either (x) in writing delivered to the Administrative Agent (for concurrent posting to the Lenders) or (y) orally on a conference call with the Administrative Agent to be scheduled in advance no less than five (5) Business Days prior to the date thereof.

(paragraphs 1 and 2 above, collectively, the "Additional Reporting"); provided that the Borrower shall have no obligation to deliver the Additional Reporting set forth in clause 2 above during any period in which Steward is subject to a Bankruptcy Event where records pertaining to such Bankruptcy Event are publicly available or any period in which Steward is no longer a tenant of Holdings or its Subsidiaries.

Exhibit C

Schedule 1.1A

[See attached]

Exhibit 31.1

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

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

1) I have reviewed this quarterly report on Form 10-Q of Medical Properties Trust, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

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

Exhibit 31.2

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

I, R. Steven Hamner, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Medical Properties Trust, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

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

Exhibit 31.3

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

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

1) I have reviewed this quarterly report on Form 10-Q of MPT Operating Partnership, L.P.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/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.

Exhibit 31.4

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

I, R. Steven Hamner, certify that:

1) I have reviewed this quarterly report on Form 10-Q of MPT Operating Partnership, L.P.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 12, 2024	/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.

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this quarterly report on Form 10-Q of Medical Properties Trust, Inc. (the "Company") for the quarter ended September 30, 2024 (the "Report"), each of the undersigned, Edward K. Aldag, Jr. and R. Steven Hamner, certifies, pursuant to Section 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2024

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

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

Exhibit 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this quarterly report on Form 10-Q of MPT Operating Partnership, L.P. (the "Company") for the quarter ended September 30, 2024 (the "Report"), each of the undersigned, Edward K. Aldag, Jr. and R. Steven Hamner, certifies, pursuant to Section 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2024

/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.