

REFINITIV

DELTA REPORT

10-Q

MPW - MEDICAL PROPERTIES TRUST

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1035

█	CHANGES	175
█	DELETIONS	310
█	ADDITIONS	550

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 **March 31, June 30, 2023**

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

20-0191742

DELAWARE

20-0242069

(State or other jurisdiction of

(I. R. S. Employer

incorporation or organization)

Identification No.)

1000 URBAN CENTER DRIVE, SUITE 501

BIRMINGHAM, AL

35242

(Address of principal executive offices)

(Zip Code)

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

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	<input checked="" type="checkbox"/> (Medical Properties Trust, Inc. only)	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (MPT Operating Partnership, L.P. only)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 **May 5, 2023** **August 4, 2023**, Medical Properties Trust, Inc. had **598.3** **598.4** 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 six** months ended **March 31, 2023** **June 30, 2023** 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 March 31, 2023 June 30, 2023

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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)	March 31,	December 31,	June 30,	December 31,
	2023	2022	2023	2022
Assets	(Unaudited)	(Note 2)	(Unaudited)	(Note 2)
Real estate assets				
Land, buildings and improvements, intangible lease assets, and other	13,092,5 \$ 10	13,862, \$ 415	13,133, \$ 651	13,862, \$ 415
Investment in financing leases	1,582,41 6	1,691,3 23	1,231,6 52	1,691,3 23
Real estate held for sale	881,587	—	401,125	—
Mortgage loans	346,446	364,101	299,326	364,101

Gross investment in real estate assets	15,902,9	15,917,	15,065,	15,917,
	59	839	754	839
Accumulated depreciation and amortization	(1,207,6	(1,193,3	(1,251,1	(1,193,3
	99)	12)	65)	12)
Net investment in real estate assets	14,695,2	14,724,	13,814,	14,724,
	60	527	589	527
Cash and cash equivalents	302,321	235,668	324,050	235,668
Interest and rent receivables, net	169,511	167,035	177,643	167,035
Straight-line rent receivables	810,911	787,166	779,584	787,166
Investments in unconsolidated real estate joint ventures	1,506,47	1,497,9	1,487,1	1,497,9
	4	03	18	03
Investments in unconsolidated operating entities	1,310,46	1,444,8	1,812,1	1,444,8
	0	72	50	72
Other loans	276,367	227,839	199,360	227,839
Other assets	578,853	572,990	609,881	572,990
Total Assets	19,650,1	19,658,	19,204,	19,658,
	\$ 57	\$ 000	\$ 375	\$ 000
Liabilities and Equity				
Liabilities				
Debt, net	10,438,1	10,268,	10,237,	10,268,
	\$ 51	\$ 412	\$ 558	\$ 412
Accounts payable and accrued expenses	595,269	621,324	444,926	621,324
Deferred revenue	29,391	27,727	49,766	27,727
Obligations to tenants and other lease liabilities	144,092	146,130	157,411	146,130
Total Liabilities	11,206,9	11,063,	10,889,	11,063,
	03	593	661	593
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 — 598,302				
shares at March 31, 2023 and				
597,476 shares at December 31, 2022	598	597		

Common stock, \$0.001 par value.				
Authorized 750,000 shares;				
issued and outstanding — 598,344				
shares at June 30, 2023 and				
597,476 shares at December 31, 2022			598	597
Additional paid-in capital	8,541,41	8,535,1	8,547,8	8,535,1
	4	40	35	40
Retained (deficit) earnings			(241,30	
	(25,413)	116,285	1)	116,285
Accumulated other comprehensive loss	(74,919)	(59,184)		
Accumulated other comprehensive income (loss)			6,680	(59,184)
Total Medical Properties Trust, Inc. stockholders' equity	8,441,68	8,592,8	8,313,8	8,592,8
	0	38	12	38
Non-controlling interests	1,574	1,569	902	1,569
Total Equity	8,443,25	8,594,4	8,314,7	8,594,4
	4	07	14	07
Total Liabilities and Equity	19,650,1	19,658,	19,204,	19,658,
	\$ 57	\$ 000	\$ 375	\$ 000

See accompanying notes to condensed consolidated financial statements.

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MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Net Income

(Unaudited)

(In thousands, except per share amounts)	For the Three Months		For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,		Ended June 30,	
	2023	2022	2023	2022	2023	2022
Revenues						
Rent billed	248,1	263,4	247,4	241,2	495,6	504,6
	\$ 57	\$ 02	\$ 91	\$ 09	\$ 48	\$ 11

Straight-line rent	56,69	61,04	(39,32)	58,51	17,36	119,5
	3	4	9)	8	4	62
Income from financing leases	13,19	51,77	68,46	51,87	81,66	103,6
	5	6	8	3	3	49
Interest and other income	32,16	33,57	60,76	48,62	92,93	82,20
	6	8	5	6	1	4
Total revenues	350,2	409,8	337,3	400,2	687,6	810,0
	11	00	95	26	06	26
Expenses						
Interest	97,65	91,18	104,4	87,73	202,1	178,9
	4	3	70	0	24	13
Real estate depreciation and amortization	83,86	85,31	364,4	84,33	448,2	169,6
	0	6	03	4	63	50
Property-related			24,67	21,13	31,78	29,73
	7,110	8,598	6	5	6	3
General and administrative	41,72	41,42	35,60	38,85	77,32	80,28
	4	4	4	8	8	2
Total expenses	230,3	226,5	529,1	232,0	759,5	458,5
	48	21	53	57	01	78
Other (expense) income						
Other income (expense)						
Gain on sale of real estate		451,6		16,35		467,9
	62	38	167	5	229	93
Real estate and other impairment charges	(89,5	(4,87			(89,53	(4,87
	38)	5)	—	—	8)	5)
Earnings from equity interests	11,35		12,22	14,78	23,57	22,12
	2	7,338	4	5	6	3
Debt refinancing and unutilized financing costs		(8,81				(9,43
	—	6)	(816)	(619)	(816)	5)
Other (including fair value adjustments on securities)	(5,16	14,76	(10,51		(15,67	16,79
	6)	2	2)	2,031	8)	3
Total other (expense) income	(83,2	460,0				
	90)	47				
Total other income (expense)			32,55	(82,22	492,5	
		1,063	2	7)	99	

Income before income tax	36,57	643,3				
	3	26				
Income tax expense	(3,54	(11,3				
	3)	79)				
(Loss) income before income tax			(190,6	200,7	(154,1	844,0
			95)	21	22)	47
Income tax benefit (expense)			148,2	(10,6	144,7	(22,0
			62	57)	19	36)
Net income	33,03	631,9				
	0	47				
Net income attributable to non-controlling interests	(236)	(266)				
Net income attributable to MPT common stockholders	32,79	631,6				
	\$ 4	\$ 81				
Net (loss) income			(42,43	190,0		822,0
			3)	64	(9,403)	11
Net loss (income) attributable to non-controlling interests			396	(467)	160	(733)
Net (loss) income attributable to MPT common stockholders			(42,03	189,5		821,2
			\$ 7)	\$ 97	\$ (9,243)	\$ 78
Earnings per common share — basic and diluted						
Net income attributable to MPT common stockholders	\$ 0.05	\$ 1.05				
Net (loss) income attributable to MPT common stockholders			\$ (0.07)	\$ 0.32	\$ (0.02)	\$ 1.37
Weighted average shares outstanding — basic	598,3	598,6	598,3	598,8	598,3	598,7
	02	76	44	27	23	51
Weighted average shares outstanding — diluted	598,3	598,9	598,3	599,0	598,3	598,9
	10	32	44	26	23	79

Dividends declared per common share

\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.58	\$ 0.58
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See accompanying notes to condensed consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(In thousands)	For the Three Months	
	Ended March 31,	
	2023	2022
Net income	\$ 33,030	\$ 631,947
Other comprehensive income:		
Unrealized (loss) gain on interest rate swaps, net of tax	(15,325)	44,932
Foreign currency translation gain (loss)	28,143	(13,215)
Reclassification of interest rate swap gain from AOCI, net of tax	(28,553)	—
Total comprehensive income	17,295	663,664
Comprehensive income attributable to non-controlling interests	(236)	(266)
Comprehensive income attributable to MPT common stockholders	\$ 17,059	\$ 663,398

(In thousands)	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2023	2022	2023	2022
Net (loss) income	\$ (42,433)	\$ 190,064	\$ (9,403)	\$ 822,011
Other comprehensive income:				
Unrealized gain on interest rate swaps, net of tax	17,920	25,920	2,595	70,852
Reclassification of interest rate swap gain from AOCI, net				
of tax	—	—	(28,553)	—
Foreign currency translation gain (loss)	60,445	(104,341)	88,588	(117,556)
Reclassification of foreign currency translation loss from AOCI	3,234	—	3,234	—

Total comprehensive income	39,166	111,643	56,461	775,307
Comprehensive loss (income) attributable to non-controlling interests	396	(467)	160	(733)
Comprehensive income attributable to MPT common stockholders	\$ 39,562	\$ 111,176	\$ 56,621	\$ 774,574

See accompanying notes to condensed consolidated financial statements.

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MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Equity (Unaudited)

Preferred		Common						Preferred		Common									
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Foreign currency translation gain	—	—	—	—	—	—	43	—	3	—	—	—	—	—	43	—	3
Reclassification of interest rate swap gain to earnings, net of tax	—	—	—	—	—	—	3)	—	3)	—	—	—	—	—	—	—	—
Stock vesting and amortization of stock-based compensation ratio	—	—	—	—	—	—	11,	82	2	—	—	32	,8	—	—	—	8
—	—	25	1	8	—	—	—	9	—	—	5	1	28	—	—	—	9

Stock vestin g - satisfac tion of tax withho ldings	—	—	99)	—	4)	—	—	—	4)	—	—	99)	—	4)	—	—	—	—	4)					
Distrib utions to non- control ling interes ts	—	—	—	—	—	—	—	—	31)	—	—	—	—	—	—	—	—	31)	1)					
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	59		41,		5,		4,		1,		2						8,	1,	4,					
	8,3		59		41		41		91		57		5				30	59	41					
	—	\$	—	02	\$	8	\$	4	\$	3)	\$	9)	\$	4	\$	4	\$	3)	\$	9)	\$	4	\$	4

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See accompanying notes to condensed consolidated financial statements.

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MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,	
	2023	2022	2023	2022
(In thousands)				(In thousands)
Operating activities				
Net income	\$ 33,030	\$ 631,947		
Adjustments to reconcile net income to net cash provided by operating activities:				

Net (loss) income			\$ (9,403)	\$ 822,011
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation and amortization			455,55	
	87,586	88,760	4	176,077
Amortization of deferred financing costs and debt discount	4,014	5,285	8,096	9,219
Straight-line rent revenue and other			(116,46	
	(58,566)	(75,385)	6)	(145,725)
Stock-based compensation	11,829	11,804	18,266	21,912
Gain on sale of real estate	(62)	(451,638)	(229)	(467,993)
Real estate and other impairment charges	89,538	4,875	89,538	4,875
Straight-line rent and other write-off (recovery)	2,192	(2,271)		
Straight-line rent and other write-off			97,834	(328)
Debt refinancing and unutilized financing costs	—	8,816	816	9,435
Tax rate changes and other			(164,53	
	(7,305)	—	5)	(825)
Non-cash revenue from debt and equity securities received			(68,557)	—
Other adjustments	(8,505)	(1,040)	(8,296)	(13,170)
Changes in:				
Interest and rent receivables	(514)	(12,431)	(62,132)	(44,224)
Other assets	(2,493)	(41)	(9,514)	(6,343)
Accounts payable and accrued expenses	(15,696)	(21,648)	(25,609)	(15,558)
Deferred revenue	600	(7,646)	6,814	(5,347)
Net cash provided by operating activities	135,64		212,17	
	8	179,387	7	344,016
Investing activities				
Cash paid for acquisitions and other related investments			(235,18	
	(72,900)	(724,795)	7)	(946,243)
Net proceeds from sale of real estate		1,711,60	489,42	1,817,64
	100	8	0	2
Principal received on loans receivable	221,87		389,38	
	6	6,355	5	19,478
Investment in loans receivable	(50,000)	(10,414)	(55,223)	(175,734)

Construction in progress and other	(13,292)	(36,115)	(28,639)	(91,167)
Proceeds from return of equity investment			—	775
Capital additions and other investments, net	(68,606)	(67,605)	(150,75)	(90,623)
Net cash provided by investing activities	17,178	879,034	408,99	534,128
Financing activities				
Payments of term debt	—	(869,606)	(485,52)	(869,606)
Revolving credit facilities, net	95,919	(198,599)	3)	200,945
Revolving credit facility, net			270,86	
Dividends paid	(176,58	(176,494)	(350,30	(350,519)
	0)		4)	
Lease deposits and other obligations to tenants	(2,691)	15,168	7,154	3,174
Stock vesting - satisfaction of tax withholdings	(5,554)	(27,919)	(5,570)	(28,799)
Payment of debt refinancing, deferred financing costs, and other financing activities	(219)	(6,366)		
Debt refinancing, deferred financing costs, and other financing activities			12,439	(17,917)
Net cash used for financing activities	(89,125)	(1,263,8	(550,94	(1,062,7
		16)	1)	22)
Increase (decrease) in cash, cash equivalents, and restricted cash for period	63,701	(205,395)	70,235	(184,578)
Effect of exchange rate changes	2,927	(4,721)	18,184	(14,786)
Cash, cash equivalents, and restricted cash at beginning of period	241,53		241,53	
	8	461,882	8	461,882
Cash, cash equivalents, and restricted cash at end of period	308,16	\$ 251,766	\$ 7	\$ 262,518
Interest paid	116,43		227,36	
	\$ 6	\$ 111,012	\$ 1	\$ 209,445
Supplemental schedule of non-cash investing activities:				
Debt and equity securities received for certain obligations, real estate, and revenue			804,52	
			\$ 0	\$ —

Certain obligations and receivables satisfied and real estate sold		735,96	3	—
Supplemental schedule of non-cash financing activities:				
Dividends declared, unpaid	174,49		173,85	
	\$ 2	\$ 174,018	\$ 1	\$ 174,017
Cash, cash equivalents, and restricted cash are comprised of the following:				
Beginning of period:				
Cash and cash equivalents	235,66		235,66	
	\$ 8	\$ 459,227	\$ 8	\$ 459,227
Restricted cash, included in Other assets	5,870	2,655	5,870	2,655
	241,53		241,53	
	\$ 8	\$ 461,882	\$ 8	\$ 461,882
End of period:				
Cash and cash equivalents	302,32		324,05	
	\$ 1	\$ 248,846	\$ 0	\$ 257,269
Restricted cash, included in Other assets	5,845	2,920	5,907	5,249
	308,16		329,95	
	\$ 6	\$ 251,766	\$ 7	\$ 262,518

See accompanying notes to condensed consolidated financial **statements**.

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MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands)	March 31,		December 31,		June 30,		December 31,	
	2023	(Unaudited)	2022	(Note 2)	2023	(Unaudited)	2022	(Note 2)
Assets								
Real estate assets								
Land, buildings and improvements, intangible lease assets, and other	13,092,5		13,862,		13,133,		13,862,	
	\$ 10		\$ 415		\$ 651		\$ 415	

Investment in financing leases	1,582,41	1,691,3	1,231,6	1,691,3
	6	23	52	23
Real estate held for sale	881,587	—	401,125	—
Mortgage loans	346,446	364,101	299,326	364,101
Gross investment in real estate assets	15,902,9	15,917,	15,065,	15,917,
	59	839	754	839
Accumulated depreciation and amortization	(1,207,6	(1,193,3	(1,251,1	(1,193,3
	99)	12)	65)	12)
Net investment in real estate assets	14,695,2	14,724,	13,814,	14,724,
	60	527	589	527
Cash and cash equivalents	302,321	235,668	324,050	235,668
Interest and rent receivables, net	169,511	167,035	177,643	167,035
Straight-line rent receivables	810,911	787,166	779,584	787,166
Investments in unconsolidated real estate joint ventures	1,506,47	1,497,9	1,487,1	1,497,9
	4	03	18	03
Investments in unconsolidated operating entities	1,310,46	1,444,8	1,812,1	1,444,8
	0	72	50	72
Other loans	276,367	227,839	199,360	227,839
Other assets	578,853	572,990	609,881	572,990
Total Assets	19,650,1	19,658,	19,204,	19,658,
	\$ 57	\$ 000	\$ 375	\$ 000
Liabilities and Capital				
Liabilities				
Debt, net	10,438,1	10,268,	10,237,	10,268,
	\$ 51	\$ 412	\$ 558	\$ 412
Accounts payable and accrued expenses	420,387	444,354	269,920	444,354
Deferred revenue	29,391	27,727	49,766	27,727
Obligations to tenants and other lease liabilities	144,092	146,130	157,411	146,130
Payable due to Medical Properties Trust, Inc.	174,492	176,580	174,616	176,580
Total Liabilities	11,206,5	11,063,	10,889,	11,063,
	13	203	271	203
Capital				

General Partner — issued and outstanding — 5,984 units at March 31, 2023 and 5,976 units at December 31, 2022	85,244	86,599		
Limited Partners — issued and outstanding — 592,318 units at March 31, 2023 and 591,500 units at December 31, 2022	8,431,74	8,565,8		
Accumulated other comprehensive loss	(74,919)	(59,184)		
General Partner — issued and outstanding — 5,985 units at June 30, 2023 and 5,976 units at December 31, 2022	83,149	86,599		
Limited Partners — issued and outstanding — 592,359 units at June 30, 2023 and 591,500 units at December 31, 2022	8,224,3	8,565,8		
Accumulated other comprehensive income (loss)	6,680	(59,184)		
Total MPT Operating Partnership, L.P. capital	8,442,07	8,593,2	8,314,2	8,593,2
Non-controlling interests	0	28	02	28
Total Capital	1,574	1,569	902	1,569
	8,443,64	8,594,7	8,315,1	8,594,7
	4	97	04	97
Total Liabilities and Capital	19,650,1	19,658,	19,204,	19,658,
	\$ 57	\$ 000	\$ 375	\$ 000

See accompanying notes to condensed consolidated financial statements.

8

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Net Income
(Unaudited)

(In thousands, except per unit amounts)	For the Three Months		For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,		Ended June 30,	
	2023	2022	2023	2022	2023	2022
Revenues						
Rent billed	248,1	263,4	247,4	241,	495,6	504,
	\$ 57	\$ 02	\$ 91	\$ 209	\$ 48	\$ 611
Straight-line rent	56,69	61,04	(39,3	58,5	17,36	119,
	3	4	29)	18	4	562
Income from financing leases	13,19	51,77	68,46	51,8	81,66	103,
	5	6	8	73	3	649
Interest and other income	32,16	33,57	60,76	48,6	92,93	82,2
	6	8	5	26	1	04
Total revenues	350,2	409,8	337,3	400,	687,6	810,
	11	00	95	226	06	026
Expenses						
Interest	97,65	91,18	104,4	87,7	202,1	178,
	4	3	70	30	24	913
Real estate depreciation and amortization	83,86	85,31	364,4	84,3	448,2	169,
	0	6	03	34	63	650
Property-related			24,67	21,1	31,78	29,7
	7,110	8,598	6	35	6	33
General and administrative	41,72	41,42	35,60	38,8	77,32	80,2
	4	4	4	58	8	82
Total expenses	230,3	226,5	529,1	232,	759,5	458,
	48	21	53	057	01	578
Other (expense) income						
Other income (expense)						
Gain on sale of real estate		451,6		16,3		467,
	62	38	167	55	229	993
Real estate and other impairment charges	(89,5	(4,87			(89,5	(4,87
	38)	5)	—	—	38)	5)
Earnings from equity interests	11,35		12,22	14,7	23,57	22,1
	2	7,338	4	85	6	23
Debt refinancing and unutilized financing costs		(8,81				(9,43
	—	6)	(816)	(619)	(816)	5)

Other (including fair value adjustments on securities)	(5,16 6)	14,76 2	(10,5 12)	2,03 1	(15,6 78)	16,7 93
Total other (expense) income	(83,2 90)	460,0 47				
Total other income (expense)				32,5 1,063	(82,2 52)	492, 27)
Income before income tax	36,57 3	643,3 26				
Income tax expense	(3,54 3)	(11,3 79)				
(Loss) income before income tax			(190, 695)	200, 721	(154, 122)	844, 047
Income tax benefit (expense)			148,2 62	(10,6 57)	144,7 19	(22,0 36)
Net income	33,03 0	631,9 47				
Net income attributable to non- controlling interests	(236)	(266)				
Net income attributable to MPT	32,79	631,6				
Operating Partnership partners	\$ 4	\$ 81				
Net (loss) income			(42,4 33)	190, 064	(9,40 3)	822, 011
Net loss (income) attributable to non- controlling interests			396	(467)	160	(733)
Net (loss) income attributable to MPT Operating Partnership partners			(42,0 \$ 37)	189, \$ 597	(9,24 \$ 3)	821, \$ 278
Earnings per unit — basic and diluted						
Net income attributable to MPT Operating Partnership partners	\$ 0.05	\$ 1.05				

Net (loss) income attributable to MPT Operating Partnership partners	\$ (0.07)	\$ 0.32	\$ (0.02)	\$ 1.37
Weighted average units outstanding — basic	598,3 02	598,6 76	598,3 44	598, 827 23 751
Weighted average units outstanding — diluted	598,3 10	598,9 32	598,3 44	599, 026 23 979
Dividends declared per unit	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.58

See accompanying notes to condensed consolidated financial statements.

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MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands)	For the Three Months		For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,		Ended June 30,	
	2023	2022	2023	2022	2023	2022
Net income	33,0	631,9				
	\$ 30	\$ 47				
Net (loss) income			(42,4	190,0	(9,40	822,0
			\$ 33)	\$ 64	\$ 3)	\$ 11
Other comprehensive income:						
Unrealized (loss) gain on interest rate swaps, net of tax	(15,3	44,93				
	25)	2				
Unrealized gain on interest rate swaps, net of tax			17,9	25,92	2,59	70,85
			20	0	5	2
Reclassification of interest rate swap gain from AOCI, net of tax					(28,5	
					53)	—

Foreign currency translation gain (loss)	28,1 43	(13,2 15)	60,4 45	(104, 341)	88,5 88	(117, 556)
Reclassification of interest rate swap gain from AOCI, net of tax	(28,5 53)	—	—	—	—	—
Reclassification of foreign currency translation loss from AOCI	—	—	3,23 4	—	3,23 4	—
Total comprehensive income	17,2 95	663,6 64	39,1 66	111,6 43	56,4 61	775,3 07
Comprehensive income attributable to non-controlling interests	(236)	(266)	—	—	—	—
Comprehensive loss (income) attributable to non-controlling interests	—	—	396	(467)	160	(733)
Comprehensive income attributable to MPT Operating Partnership partners	17,0 \$ 59	663,3 \$ 98	39,5 \$ 62	111,1 \$ 76	56,6 \$ 21	774,5 \$ 74

See accompanying notes to condensed consolidated financial statements.

10

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Capital

(Unaudited)

(In thousand s, except per unit amounts)	Accu mulat				Accu mulat			
	General		Limited Partners		General		Limited Partners	
	Partner	Common	Other	Non-	Partner	Common	Other	Non-
Comp	Rehen	Contr					Inco	Contr
rehe	olling	Total					me	olling
sive	Intere	Capit					Intere	Total
Loss	sts	al	Units	Value	Units	Value	(Loss	sts
							)	tal

Balance							8,								8,
at															
Decembe							8,5								59
r 31, 2022								59							59
	86,	59	1,5	65,	(59		4,								4,
	5,9	59	1,5	81	,18	1,5	79								79
	76	\$ 9	00	\$ 3	\$ 4)	\$ 69	\$ 7								\$ 7
Net							32,								33
income							46								,0
	—	8	—	6	—	6	30								30
Unrealized															(1
loss on															(1
interest															
rate							(15								5,
swaps, net							,32								,32
of tax							5)								32
	—	—	—	—	—	—	5)								5)
Reclassific															
ation of															
interest															
rate swap															
gain to															(2
earnings,															,55
net of tax															55
Foreign															
currency							28,								28,
translation							14								,1
gain							3								43
Reclassific															
ation of															
interest															
rate swap															
gain to															(2
earnings,															,8,
net of tax															55

Unit vesting and amortization of unit-based compensation	11	1,3	71	—	—	29	11	1,3	71	—	—	29
Unit vesting - satisfaction of tax withholdings	(5)	(49)	49	—	—	4)	(5)	(49)	49	—	—	4)
Distributions to non-controlling interests	—	—	—	—	—	1)	(23)	(2	—	—	—	(23)
Distributions declared (\$0.29 per unit)	—	5)	—	47)	—	—	—	74	—	5)	—	92)
Balance at March 31, 2023	84	\$ 4	18	\$ 5	\$ 9)	\$ 74	\$ 4	84	\$ 4	18	\$ 5	\$ 9)
Net loss												(4)
												2,
												43
												3)

Unrealized							
gain on							
interest							
rate						17,	17
swaps, net						92	,9
of tax	—	—	—	—	0	—	20
Foreign							
currency						60,	60
translation						44	,4
gain	—	—	—	—	5	—	45
Reclassific							
ation of							
foreign							
currency							
translation							3,
loss to						3,2	23
earnings	—	—	—	—	34	—	4
Unit							
vesting							
and							
amortizati							
on of unit-							
based							6,
compensa						6,3	43
tion	1	64	58	73	—	—	7
Unit							
vesting -							
satisfactio							
n of tax							
withholdin							(1
gs	—	—	(17)	(16)	—	—	6)
Distributio							
ns to non-							
controlling							(27
interests	—	—	—	—	—	—	6) 76)

Distribution							
ns							(1
declared			(1,		(17		73
(\$0.29 per			73		2,1		,8
unit)	—	9)	—	12)	—	—	51)
Balance							8,
at June					8,2		31
30, 2023		83,	59	24,			5,
	5,9	14	2,3	37	6,6	90	10
	85	\$ 9	59	\$ 3	\$ 80	\$ 2	\$ 4

(In thousand s, except per unit amounts)	Accu mulat ed						Accu mulat ed					
	General		Limited Partners		ed		General		Partners		ed	
	Partner		Common		Other		Partner		Common		Other	
Balance at December 31, 2021	84,	59	92,	(36	6,	8,	84,	59	92,	(36	6,	8,
	5,9	84	0,7	45	,72	5,4	06	5,9	84	0,7	45	,72
	68	\$ 7	80	\$ 8	\$ 7)	\$ 83	\$ 1	68	\$ 7	80	\$ 8	\$ 7)
Net income	—	—	—	—	—	—	63	—	—	—	—	63
	6,3	62	1,	6,3	26	94	6,3	5,3	26	94	6	7
	—	17	—	64	—	6	—	17	—	64	—	6

Unrealized gain on interest rate swaps, net of tax	—	—	—	—	44,93	—	—	—	—	44,93	—	44,93
Foreign currency translation loss	—	—	—	—	2, (13, ,21, 5)	—	—	—	—	2, (13, ,21, 5)	—	2, (13, ,21, 5)
Unit vesting and amortization of unit-based compensation	11, 31	11, 8	3,0, 76	6, —	68, —	,8, 04	11, 31	11, 8	3,0, 76	6, —	68, —	,8, 04
Unit vesting - satisfaction of tax withholdings	(2, (27, (27, (12)	(2, (27, 16, 9)	(27, ,64, 7)	(27, 0)	91, 9)	7, 9)	(2, (27, 16, 9)	(2, (27, 7)	(27, ,64, 0)	(2, (27, 9)	91, 9)	(2, 7)
Issuance of non-controlling interests	—	—	—	—	—	92, 9	—	—	—	—	92, 9	92, 9
Distributions to non-controlling interests	—	—	—	—	—	(77, 2)	(7, 72)	—	—	—	(77, 2)	(7, 72)

Distributions declared (\$0.29 per unit)	(1,74)	(17,22)	,0	(1,74)	(17,22)	,0	(1,74)	(17,22)	,0
	—	—	—	—	—	—	—	—	—
Balance at March 31, 2022	—	—	—	—	—	—	—	—	—
	8,89	59,29	(5,01)	9,59	74	5,926	2,659	(5,01)	5,974
	87	\$ 3	\$ 0	\$ 0)	\$ 06	\$ 9	87	\$ 3	\$ 9
Net income	—	—	—	—	—	—	—	—	—
	18	0,	1,8	7,7	46	06	—	7	4
Unrealized gain on interest rate swaps, net of tax	—	—	—	—	—	—	—	—	—
Foreign currency translation loss	—	—	—	—	—	—	—	—	—
Unit vesting and amortization of unit-based compensation	—	—	—	—	—	—	—	—	—
	25,	25	92	,9	0	—	20	—	—
	10	04	4,3	,3	41)	—	41)	—	41)
	10,	10	20	00	—	—	—	—	—
	10	,1	2	7	—	—	—	—	08

Unit							
vesting -							
satisfactio							
n of tax							
withholdin							
gs							
Distributio							
ns to non-							
controlling							
interests							
Distributio							
ns							
declared							
(\$0.29 per							
unit)							
Balance							
at June							
30, 2022							
	88	\$ 1	51	\$ 3	\$ 1)	\$ 38	\$ 1
	—	—	—	—	—	—	—
	89,	59	54,	(83	6,		
	5,9	51	2,8	14	,43	6,0	26
	—	—	—	—	—	—	—
	88	\$ 1	51	\$ 3	\$ 1)	\$ 38	\$ 1
	—	—	—	—	—	—	—

See accompanying notes to condensed consolidated financial statements.

11

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

Operating activities	For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,	
	2023	2022	2023	2022
	(In thousands)		(In thousands)	
Net income	\$ 33,030	\$ 631,947		

Adjustments to reconcile net income to net cash provided by operating activities:				
Net (loss) income			\$ (9,403)	\$ 822,011
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation and amortization			455,55	
	87,586	88,760	4	176,077
Amortization of deferred financing costs and debt discount	4,014	5,285	8,096	9,219
Straight-line rent revenue and other			(116,46	
	(58,566)	(75,385)	6)	(145,725)
Unit-based compensation	11,829	11,804	18,266	21,912
Gain on sale of real estate	(62)	(451,638)	(229)	(467,993)
Real estate and other impairment charges	89,538	4,875	89,538	4,875
Straight-line rent and other write-off (recovery)	2,192	(2,271)		
Straight-line rent and other write-off			97,834	(328)
Debt refinancing and unutilized financing costs	—	8,816	816	9,435
Tax rate changes and other			(164,53	
	(7,305)	—	5)	(825)
Non-cash revenue from debt and equity securities received			(68,557)	—
Other adjustments	(8,505)	(1,040)	(8,296)	(13,170)
Changes in:				
Interest and rent receivables	(514)	(12,431)	(62,132)	(44,224)
Other assets	(2,493)	(41)	(9,514)	(6,343)
Accounts payable and accrued expenses	(15,696)	(21,648)	(25,609)	(15,558)
Deferred revenue	600	(7,646)	6,814	(5,347)
Net cash provided by operating activities	135,64		212,17	
	8	179,387	7	344,016
Investing activities				
Cash paid for acquisitions and other related investments			(235,18	
	(72,900)	(724,795)	7)	(946,243)
Net proceeds from sale of real estate		1,711,60	489,42	1,817,64
	100	8	0	2

Principal received on loans receivable	221,87	389,38		
	6	6,355	5	19,478
Investment in loans receivable	(50,000)	(10,414)	(55,223)	(175,734)
Construction in progress and other	(13,292)	(36,115)	(28,639)	(91,167)
Proceeds from return of equity investments		—	775	
Capital additions and other investments, net			(150,75)	
	(68,606)	(67,605)	7	(90,623)
Net cash provided by investing activities		408,99		
	17,178	879,034	9	534,128
Financing activities				
Payments of term debt			(485,52)	
	—	(869,606)	3)	(869,606)
Revolving credit facilities, net	95,919	(198,599)		
Revolving credit facility, net		270,86		
		3	200,945	
Distributions paid	(176,58		(350,30	
	0)	(176,494)	4)	(350,519)
Lease deposits and other obligations to tenants	(2,691)	15,168	7,154	3,174
Unit vesting - satisfaction of tax withholdings	(5,554)	(27,919)	(5,570)	(28,799)
Payment of debt refinancing, deferred financing costs, and other financing activities	(219)	(6,366)		
Debt refinancing, deferred financing costs, and other financing activities			12,439	(17,917)
Net cash used for financing activities		(1,263,8	(550,94	(1,062,7
	(89,125)	16)	1)	22)
Increase (decrease) in cash, cash equivalents, and restricted cash for period	63,701	(205,395)	70,235	(184,578)
Effect of exchange rate changes	2,927	(4,721)	18,184	(14,786)
Cash, cash equivalents, and restricted cash at beginning of period	241,53		241,53	
	8	461,882	8	461,882
Cash, cash equivalents, and restricted cash at end of period	308,16		329,95	
	\$ 6	\$ 251,766	\$ 7	\$ 262,518
Interest paid	116,43		227,36	
	\$ 6	\$ 111,012	\$ 1	\$ 209,445

Supplemental schedule of non-cash investing activities:

Debt and equity securities received for certain obligations, real estate, and revenue				804,52			
Certain obligations and receivables satisfied and real estate sold				\$ 0	\$ —		
Supplemental schedule of non-cash financing activities:				735,96			
Distributions declared, unpaid	174,49				173,85		
	\$ 2	\$ 174,018			\$ 1	\$ 174,017	
Cash, cash equivalents, and restricted cash are comprised of the following:							
Beginning of period:							
Cash and cash equivalents	235,66				235,66		
	\$ 8	\$ 459,227			\$ 8	\$ 459,227	
Restricted cash, included in Other assets	5,870		2,655		5,870		2,655
	<hr/>	<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
	241,53				241,53		
	\$ 8	\$ 461,882			\$ 8	\$ 461,882	
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
End of period:							
Cash and cash equivalents	302,32				324,05		
	\$ 1	\$ 248,846			\$ 0	\$ 257,269	
Restricted cash, included in Other assets	5,845		2,920		5,907		5,249
	<hr/>	<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
	308,16				329,95		
	\$ 6	\$ 251,766			\$ 7	\$ 262,518	
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>	<hr/>	<hr/>

See accompanying notes to condensed consolidated financial statements.

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

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization

Medical Properties Trust, Inc., a Maryland corporation, was formed on August 27, 2003, under the 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 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, starting July 1, 2023, the majority of our real estate operations in the United Kingdom operate as a REIT and generally are subject only to a withholding tax on earnings upon distribution out of the REIT. Certain non-real estate activities we undertake 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 United Kingdom REIT starting July 1, 2023), we are subject to the local income and other 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 U.S. 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 March 31, 2023 June 30, 2023, we have investments in 444 facilities in 31 states in the U.S., in seven countries in Europe, one country in South America, and across in Australia. Our properties consist of general acute care hospitals, behavioral health facilities, inpatient physical rehabilitation facilities, 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 six months ended **March 31, 2023** **June 30, 2023**, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The condensed consolidated balance sheet at December 31, 2022 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 **March 31, 2023** **June 30, 2023** (particularly as it relates to our assessments of the recoverability of our real estate and the adequacy of our credit loss reserves on loans and financing receivables). Actual results could differ from these estimates for various reasons as outlined in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

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For information about significant accounting policies, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022. 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 **March 31, 2023** **June 30, 2023**, we had loans and/or equity investments in certain variable interest entities approximating \$425 million, ("VIEs"), which represents our maximum exposure to loss as a result are also tenants of our involvement in such entities. facilities. We have determined that we were not the primary beneficiary of any variable interest entity in which we hold a variable interest because we do not control the activities (such as the day-to-day operations) that most significantly impact the economic performance of these entities. The carrying value and classification of the related assets and maximum exposure to loss as a result of our involvement with these VIEs at June 30, 2023 are presented below (in thousands):

VIE Type	Carrying	Asset Type	Maximum Loss
	Amount(1)	Classification	Exposure(2)

Loans, net	\$ 805,640	Investments in Unconsolidated Operating Entities	\$ 805,640
Loans, net	139,266	Mortgage and other loans	176,248
Equity investments	89,809	Investments in Unconsolidated Operating Entities	89,809

(1) Carrying amount reflects the net book value of our loan or equity investment only 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 VIE because we do not have the ability to control the activities (such as the day-to-day healthcare operations of our borrowers or investees) that most significantly impact the VIE's economic performance. As of June 30, 2023, 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).

3. Real Estate and Other Activities

New Investments

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

	For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,	
	2023	2022	2023	2022
Land and land improvements	\$ 9,313	\$ 9,671	\$ 28,916	\$ 34,204
Buildings		204,82	114,96	290,25
	11,652	9	6	6
Intangible lease assets — subject to amortization (weighted-average useful life of 28.8 years for 2023 and 13.2 years for 2022)	1,935	5,461		
Intangible lease assets — subject to amortization (weighted-average useful life of 24.8 years for 2023 and 20.1 years for 2022)			16,305	16,949

Mortgage loans			100,00
		—	0
Investments in unconsolidated real estate joint ventures	399,45	—	399,45
	6	—	6
Investments in unconsolidated operating entities	131,10		131,10
	50,000	5	50,000
Other loans		25,000	—
Liabilities assumed	(25,72		(25,72
	—	—	7)
	724,79	235,18	946,24
	\$ 72,900	\$ 5	\$ 7
Loans repaid(1)	(22,90	(22,90	—
	0)	0)	—
Total net assets acquired	724,79	212,28	946,24
	\$ 50,000	\$ 5	\$ 7
	<u>\$ 50,000</u>	<u>\$ 5</u>	<u>\$ 7</u>

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

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 ("COVID-19") global pandemic commencing in early 2020, but Prospect continued to remain 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, 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 \$1.7 billion investment in Prospect including: a) maintaining the master lease covering six California hospitals with no changes in rental rates or escalator provisions, and with the expectation that Prospect will begin making cash payments for a substantial portion of the contractual monthly rent due on these California properties starting in September 2023, b) transition the Pennsylvania properties back to Prospect in return for a first lien mortgage on the facilities, c) provide 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 \$25 million on May 23, 2023, d) complete the previously disclosed sale of the Connecticut properties to Yale New Haven ("Yale"), as more fully described in [Note 9](#) to the condensed consolidated financial statements, and e) obtain a non-controlling ownership interest in PHP Holdings of approximately \$654 million, after applying a discount for lack of marketability, 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 \$68 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.

At June 30, 2023, we believe our remaining investment in the Prospect real estate and other assets are fully recoverable, but no assurances can be given that we will not have any further impairments in future periods.

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, to Springstone, including accrued interest, and we retained our minority equity investment in the operations of Springstone. Lifepoint Behavioral. Separately, and as part of our acquisition in 2021 of Springstone's real estate assets, we converted a mortgage loan (as part of our initial acquisition in 2021) into the fee simple ownership of a property in Washington, which will be leased, along with the other 1718 behavioral health hospitals already leased to Springstone, Lifepoint Behavioral, under the master lease agreement. In connection with the Lifepoint Transaction, Lifepoint extended its current lease with us on eight existing general acute care hospitals by five years to 2041.

Other Transactions

As part of an expected series of Prospect Medical Holdings, Inc. ("Prospect") capital restructuring transactions, we originated a \$50 million convertible loan to PHP Holdings, In the managed care business of Prospect, in the first second quarter of 2023. The loan is 2023, we acquired three inpatient rehabilitation facilities for a total of approximately €70 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.

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

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convertible into equity of PHP Holdings. See subsection titled "Leasing Operations (Lessor)" in this same [Note 3](#) for further information on Prospect.

2022 Activity

Macquarie Transaction

On March 14, 2022, we completed a transaction with Macquarie Asset Management ("MAM"), an unrelated party, to form a partnership (the "Macquarie Transaction"), pursuant to which we contributed eight Massachusetts-based general acute care hospitals that are leased to Steward Health Care System LLC ("Steward"), and a fund managed by MAM acquired, for cash consideration, a 50% interest in the partnership. The transaction valued the portfolio at approximately \$1.7 billion, and we recognized a gain on sale of real estate of approximately \$600 million from this transaction, partially offset by the write-off of unbilled straight-line rent receivables. The partnership raised nonrecourse secured debt of 55% of asset value, and we received proceeds, including from the secured debt, of approximately \$1.3 billion. We obtained a 50% interest in the real estate partnership valued at approximately \$400 million (included in the "Investments in unconsolidated real estate joint ventures" line of our condensed consolidated balance sheets), which is being accounted for under the equity method of accounting.

In connection with this transaction, we separated the eight Massachusetts-based facilities into a new master lease with terms generally identical to the other master lease, and the initial fixed lease term of both master leases was extended to 2041.

Other Transactions

On March 11, 2022, we acquired four general acute care hospitals in Finland for €178 million (\$194 million). These hospitals are leased to Pihlajalinna pursuant to a long-term lease with annual inflation-based escalators. We acquired these facilities by purchasing the shares of the real estate holding entities, which included deferred income tax and other liabilities of approximately \$26 million.

On February 16, 2022, we agreed to participate in an existing syndicated term loan with a term of six years originated on behalf of Priory, [Group \("Priory"\)](#), of which we funded £96.5 million towards a £100 million participation level in the variable rate loan.

Other acquisitions in the first half of 2022 included five general acute care facilities. Three general acute care facilities, located throughout Spain, were acquired on April 29, 2022 for €27 million and are leased to GenesisCare pursuant to a long-term lease with annual inflation-based escalators. The other two general acute care facilities, one in Arizona and the other in Florida, were acquired on April 18 and 25, 2022, respectively, for approximately \$80 million and are leased to Steward pursuant to an already existing master lease agreement with annual inflation-based escalators.

Development Activities

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

<u>Property</u>	Costs		Estimated		Costs		Estimated	
	Incurred as		Rent	Incurred as		Rent	Commencement	
	of	Commitment	March 31,	Commencement	of	Commencement	Commitment	Date
Ernest Health, Inc. ("Ernest") (Stockton, California)	47,70	\$ 0	\$ 46,372	2Q 2023	22,40	\$ 0	\$ 18,077	3Q 2023
Ernest Health, Inc. ("Ernest") (South Carolina)	51,04	3	13,323	2Q 2023	46,27	3	41,109	3Q 2023
IMED Hospitales ("IMED") (Spain)	22,40	0	14,469	3Q 2023	31,60	0	11,422	1Q 2024
Ernest (South Carolina)	45,97	6	37,568	3Q 2023	37,43	4	10,832	3Q 2024
Springstone (Texas)	31,60	0	4,099	1Q 2024	51,37	2	14,849	1Q 2025
IMED (Spain)	169,4	08	57,059	1Q 2026	169,4	08	57,098	2Q 2026
Steward (Texas)	405,3		182,06		358,4		153,38	
	\$ 20	\$ 0			\$ 87	\$ 7		

2023 Activity

During the 2023 second quarter, we completed construction and began recording rental income on an inpatient rehabilitation facility located in Stockton, California. This facility commenced rent on May 1, 2023, and is being leased to Ernest pursuant to an existing long-term master lease.

We continue to fund the redevelopment of and defer rent on our Norwood facility in Massachusetts. Recovery receivables of approximately \$130 million associated with the prior storm and flood damage to this facility are included in the "Other assets" line of our condensed consolidated balance sheets. In conjunction with the redevelopment of Steward's Norwood hospital, we advanced \$50 million, in the first half of 2023, that is secured by, among other things, proceeds from insurance claims in excess of the advance.

2022 Activity

During the 2022 first quarter, we completed construction and began recording rental income on an inpatient rehabilitation facility located in Bakersfield, California. This facility commenced rent on March 1, 2022 and is being leased to Ernest pursuant to an existing long-term master lease.

We continue to fund the redevelopment of our Norwood facility in Massachusetts, and recovery receivables of approximately \$150 million associated with the prior storm and flood damage to this facility are included in the "Other assets" line of our condensed consolidated balance sheets.

Disposals

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 an approximate \$79

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million net impairment charge, which included \$37.4 million of straight-line rent receivables, an estimated \$8 million in fees to sell the hospitals, and \$13 million of accumulated other comprehensive loss related to foreign currency translation. This impairment charge was partially offset by approximately \$29 million of deferred gains from our interest rate swap in accumulated other comprehensive income that was reclassified to earnings as part of this expected transaction. This transaction is expected was set to close in two phases phases. The first phase closed on May 18, 2023, in which we sold seven of the 11 facilities for A\$730 million, with the first (and larger) final phase expected to close in the second quarter and the full transaction currently expected to be complete by the end early fourth quarter of 2023. We currently plan to use used the A\$730 million proceeds from the first phase of the sale to prepay in full pay down the Australian term loan.

Although we currently expect the final phase of the Australia Transaction to occur as planned, no assurances can be given that the transaction will close as described above.

On March 8, 2023, we received notice that Prime Healthcare Services, Inc. ("Prime") will planned to exercise its right to repurchase from us during the third quarter of 2023 the real estate associated with one master lease for approximately \$100 million. As such, we recorded an approximate \$11 million non-cash impairment charge in the first quarter of 2023 related to unbilled rent on the three facilities expected to be that were sold.

Although we currently expect On July 11, 2023, Prime acquired the Australia Transaction and Prime repurchase will occur as planned, no assurances can be given that the transactions will close as described above.three facilities for \$100 million.

2022 Activity

On March 14, 2022, we completed the previously described partnership with MAM, in which we sold the real estate of eight Massachusetts-based general acute care hospitals, with a fair value of approximately \$1.7 billion. See "New Investments" in this same [Note 3](#) for further details on this transaction.

During the first three months half of 2022, we also completed the sale of two four other facilities and antwo ancillary property properties for approximately \$48 154 million, resulting in a gain on real estate of approximately \$15 31 million.

Summary of Operations for Disposed (or to be Disposed) Assets in 2023 and 2022

The properties expected to be sold during 2023 and sold during the first half of 2022 do not meet the definition of discontinued operations. However, the following represents the operating results from these properties for the periods presented (in thousands):

	For the Three Months		For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,		Ended June 30,	
	2023(1)	2022	2023(1)	2022	2023(1)	2022
Revenues(2)	18,87	40,57	12,0	18,9	30,92	60,73
	\$ 7	\$ 9	\$ 51	\$ 05	\$ 8	\$ 9
Real estate depreciation and amortization	(4,99	1)	(5,247)	—	(5,61	(4,99
	1)	(5,247)	—	5)	1)	(11,5
Property-related expenses	(1,41	3)	(3,015)	(436)	(2,41	(1,85
	3)	(3,015)	(436)	0)	(2,41	(1,85
Real estate and other impairment charges(3)	(89,5	38)	—	—	—	(89,5
	38)	—	—	—	—	38)
Other (expense) income(4)	(7,24	444,2	(5,38	8,41	(10,9	452,6
	4)	68	2)	0	74)	78

Income from real estate dispositions, net	(84,3 \$ 09)	476,5 \$ 85			
Income (loss) from real estate dispositions, net		6,23 \$ 3	19,2 \$ 90	(76,4 \$ 30)	496,1 \$ 44

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- (1) The 2023 column consists of assets designated as held for sale in the first quarter of 2023 as a result of the transactions described in the "2023 Activity" subsection above.
- (2) Includes \$4.5 1.8 million and \$6.3 million of straight-line rent write-offs associated with the non-Macquarie disposal transactions for the three and six months ended March 31, 2022, June 30, 2022, respectively.
- (3) Includes an approximate \$79 million net impairment charge (including \$37.4 million of straight-line rent write-offs) associated with the Australia Transaction and an approximate \$11 million non-cash impairment charge associated with the repurchase of three Prime facilities for the three six months ended March 31, 2023 June 30, 2023.
- (4) Includes \$451.6 16.4 million and \$468.0 million of gains (net of \$125 million write-off of straight-line rent receivables related to the Macquarie Transaction) for the three and six months ended March 31, 2022 June 30, 2022.

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 March 31, 2023 June 30, 2023, 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

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leases on 13 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 December		As of December	
As of March 31, 2023	31, 2022	As of June 30, 2023	31, 2022

Minimum lease payments receivable	\$ 626,721	\$ 880,253	\$ 621,704	\$ 880,253
Estimated unguaranteed residual values	203,818	203,818	203,818	203,818
Less: Unearned income and allowance for credit loss	(588,097)	(731,915)	5	(731,915)
Net investment in direct financing leases	242,442	352,156	243,307	352,156
Other financing leases (net of allowance for credit loss)	1,339,974	1,339,167	988,345	1,339,167
Total investment in financing leases	1,582,416		1,231,652	
	<u>\$ 6</u>	<u>\$ 1,691,323</u>	<u>\$ 2</u>	<u>\$ 1,691,323</u>

The decrease in our **net** investment in **direct** financing leases since December 31, 2022, is the result of classifying three Prime facilities as held for sale **at March 31, 2023**. See subsection above titled "Disposals" for further information, in the first quarter of 2023, and the sale of four Pennsylvania properties as part of the Prospect Transaction.

Other Leasing Activities

At **March 31, 2023** **June 30, 2023**, 99% of our properties are occupied by tenants, leaving five properties as vacant, representing **less than approximately 0.3** **0.2** % of total assets. We are in various stages of either releasing or selling these vacant properties, for one of which we received and recorded a significant **lease** termination fee in 2019.

As more fully described in "Item 1A. Risk Factors" in our Annual Report on Form 10-K, 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 **coronavirus ("COVID-19")** **COVID-19** pandemic), economic issues resulting in high inflation and spikes in labor costs, 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 COVID-19 Rent Deferrals and Pipeline Health System), or in the form of temporary loans (like as described **below** **under** **above** in the Prospect **Medical Holdings** **Transaction**).

COVID-19 Rent Deferrals

Due to COVID-19 and its impact on our tenants' business, we agreed to defer collection of a certain amount of rent for certain tenants. Pursuant to our agreements with these tenants, we expect repayments of previously deferred rent to

continue, with the remaining outstanding deferred rent balance of approximately \$12.2 million as of March 31, 2023 June 30, 2023, to be paid over specified periods in the future with interest.

Pipeline Health System

On October 2, 2022, 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 current lease of our California assets remains 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. We have agreed to defer \$5.6 million, or approximately 30%, of rent in 2023 to be paid in 2024 with interest. As of June 30, 2023, Pipeline was in compliance with all terms of the bankruptcy settlement and the lease.

Prospect Medical Holdings Steward Health Care System

In August 2019, we invested in On May 1, 2023, Catholic Health Initiatives Colorado ("CHIC"), a portfolio wholly owned subsidiary of CommonSpirit Health ("CommonSpirit"), acquired the Utah hospital operations of 14 five general acute care hospitals in three states (California, Pennsylvania, and Connecticut) facilities previously operated by and master leased to or mortgaged by Prospect for Steward (the "Steward Transaction"). As a combined investment result of approximately \$1.5 billion. In addition, this transaction, 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 received \$100 million towards on May 1, 2023, of the existing mortgage loan that is secured by a first lien on a California hospital.

Prospect's operations were negatively impacted by the COVID-19 global pandemic commencing in early 2020, but Prospect continued to remain current with respect to contractual rent and interest payments until the fourth quarter of 2022. Accordingly, and due further to termination of certain refinancing negotiations between Prospect and certain third parties, we recorded an approximate \$280 150 million impairment charge loan made in the 2022 fourth second quarter. The new lease with CHIC for these Utah assets has an initial fixed term of 15 years with annual escalation provisions, along with early lessee purchase options at the greater of fair market value or our gross investment. As part of this charge, transaction, we reduced severed these facilities from the carrying value master lease with Steward, and accordingly accelerated the amortization of the underperforming Pennsylvania properties by approximately associated in-place lease intangibles (approximately \$170 million (to approximately \$250 286 million) and reserved all unbilled wrote-off approximately \$95 million of straight-line rent accruals for a total of \$112 million. In the first quarter of 2023, we began accounting for Prospect revenue on a cash basis and did not recognize any rent or interest revenue in the quarter. receivables.

In late March 2023, Prospect received On June 16, 2023, Alecto Healthcare Services LLC ("Alecto") filed for Chapter 11 bankruptcy in Delaware. At the time, we leased one property to Alecto in Sherman, Texas with a binding commitment from several lenders that is expected to provide them with liquidity to pay down certain debt instruments. Along with these commitments from third-party lenders, net book value of approximately \$12 million. As a result of this bankruptcy, we agreed to pursue certain transactions with Prospect that would result have entered into a restructuring agreement involving the Sherman facility and American Healthcare Systems, the new tenant of the facility. We believe this agreement will be finalized in the following: a) maintain the master lease covering six California hospitals with no changes in rental rates or escalator provisions, and with the expectation that Prospect will begin making cash payments for approximately 50% third quarter of the contractual monthly rent due on these California properties starting in September 2023, b) transition the Pennsylvania properties back to Prospect in return for a well-collateralized mortgage on the facilities, c) provide up to \$75 million in a loan secured by a first lien on Prospect's accounts receivable and certain other assets, d) obtain a non-controlling ownership interest in Prospect's managed care business (PHP Holdings) equal in value to unpaid rent and interest, our \$112.9 million term loan, and other obligations at the time of such investment, and e) complete the previously disclosed sale of the Connecticut properties to Yale New Haven ("Yale"), as more fully described in [Note 9](#) to the condensed consolidated financial statements. As part of these capital restructuring steps (as discussed under "New Investments" in this same [Note 3](#)), we originated a \$50 million loan to PHP Holdings in March 2023 that is convertible into equity of PHP Holdings. At March 31, 2023, we believe our remaining investment in the Prospect real estate and other assets are fully recoverable from the collateral available, but no assurances can be given that the transactions described above transaction will occur close or that we any impairment will not have any further impairments in future periods. 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 investment. 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 and share control over the assets through unconsolidated real estate joint ventures. The underlying real estate and leases in these unconsolidated real estate joint ventures are 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	As of March		As of		As of June		As of	
	<u>Ownership</u>	31,	December 31,	<u>Ownership</u>	30,	December 31,	<u>Percentage</u>	2023
	<u>Percentage</u>	2023	2022	<u>Percentage</u>	2023	2022	<u>Percentage</u>	2022

Median Kliniken	50%						
S.á.r.l		483,70					
("MEDIAN")		\$ 6	\$ 482,735				
MEDIAN				50%	482,7		
				\$ 10	\$ 482,735		
Swiss Medical Network	70%	461,95 2	454,083	70%	440,7 54	454,083	
Steward (Macquarie Transaction)	50%	416,06 8	417,701	50%	425,4 24	417,701	
Policlinico di Monza	50%	88,658	86,245	50%	83,59 5	86,245	
HM Hospitales	45%	56,090	57,139	45%	54,63 5	57,139	
Total		1,506, \$ 474	1,497,9 \$ 03		1,487, \$ 118	1,497,9 \$ 03	

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

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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 March 31,		As of December 31,		As of June 30,		As of December 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
PHP Holdings					\$ 654,520		\$ —	
Steward (loan investment)	\$ 362,586	\$ 362,831			362,586		362,831	
International joint venture	230,153	231,402			230,153		231,402	

Priory	159,668	156,575	163,619	156,575
Swiss Medical Network	158,687	157,145	162,194	157,145
Steward (equity investment)	125,862	125,862	125,862	125,862
Aevis Victoria SA ("Aevis")			79,121	72,904
Aspris Children's Services ("Aspris")			16,005	16,023
Lifepoint Behavioral			10,767	200,827
Caremax			7,323	8,526
Prospect	112,701	112,777	—	112,777
Aevis Victoria SA ("Aevis")	77,618	72,904		
PHP Holdings	49,895	—		
Aspris Children's Services ("Aspris")	16,014	16,023		
Springstone	10,933	200,827		
Caremax	6,343	8,526		
Total	\$ 1,310,460	\$ 1,444,872	\$ 1,812,150	\$ 1,444,872

The change since December 31, 2022 primarily relates to the payoff of the Springstone Lifepoint Behavioral loan in February 2023, partially offset by our investment in PHP Holdings, as more fully described above in the loan made to PHP Holdings. See "2023 Activity" under subsection titled "New Investments" in this same [Note 3](#) for further details. Prospect Transaction.

Pursuant to our approximate 5% stake in Aevis and other investments marked to fair value, we recorded approximately \$4.3 million in favorable unfavorable non-cash fair value adjustments during the first quarter half of 2023 as shown in the "Other (including fair value adjustments on securities)" line of the condensed consolidated statements of net income; whereas, this was an \$8.0 million favorable non-cash fair value adjustment for the same period of 2022.

Other Investment Activities

In conjunction with the redevelopment first half of Steward's Norwood hospital, 2023, we advanced \$ received repayment of the CHF 50.60 million mortgage loan from Infracore SA ("Infracore") that was originally made in the 2023 first fourth quarter that is secured by, among other things, proceeds from insurance claims in excess of the advance.

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		For the Three Months	
	Ended March 31,		Ended June 30,	
	2023	2022	2023	2022
Balance at beginning of the year	121,14			
	\$ 6	\$ 48,527		
Balance at beginning of the period			121,97	
			\$ 2	\$ 53,933
Provision for credit loss, net	986	5,412	362	1,345
Expected credit loss reserve related to financial instruments sold, repaid, or satisfied	(160)	(6)	(35,229)	(28)
Balance at end of the period	121,97			
	\$ 2	\$ 53,933	\$ 87,105	\$ 55,250

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	For the Six Months	
	Ended June 30,	
	2023	2022
Balance at beginning of the year	\$ 121,146	\$ 48,527
Provision for credit loss, net	1,348	6,757
Expected credit loss reserve related to financial instruments sold, repaid, or satisfied	(35,389)	(34)
Balance at end of the period	\$ 87,105	\$ 55,250

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 history of being able 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 December 31,				As of December 31,			
	As of March 31, 2023		2022		As of June 30, 2023		2022	
	Percent age of		Percent age of		Percent age of		Percent age of	
	Total Assets	Assets	Total Assets	Assets	Total Assets	Assets	Total Assets	Assets
Operators								
Steward	4,80		4,76		3,65		4,76	
	0,59		2,67		6,04		2,67	
	\$ 4	24.4 %	\$ 3	24.2 %	\$ 6	19.0 %	\$ 3	24.2 %
Circle	2,09		2,06		2,14		2,06	
Health Ltd	2,82		2,47		1,51		2,47	
("Circle")	2	10.7 %	4	10.5 %	7	11.2 %	4	10.5 %
Priory					1,40		1,29	
					1,10		0,21	
					6	7.3 %	3	6.6 %
Prospect	1,53		1,48		1,04		1,48	
	3,41		3,59		5,84		3,59	
	2	7.8 %	9	7.5 %	4	5.5 %	9	7.5 %
Priory	1,31		1,29					
	0,96		0,21					
	8	6.7 %	3	6.6 %				
Springsto	796,		985,					
ne	248	4.0 %	959	5.0 %				
Lifepoint								
Behaviora					799,		985,	
l					212	4.2 %	959	5.0 %
Other	7,40		7,46		7,74		7,46	
operators	6,72		1,92		6,08		1,92	
	1	37.7 %	3	38.0 %	3	40.2 %	3	38.0 %
Other	1,70		1,61		2,41		1,61	
assets	9,39		1,15		4,56 (1		1,15	
	2	8.7 %	9	8.2 %	7)	12.6 %	9	8.2 %
Total	19,6		19,6		19,2		19,6	
	50,1	100.	58,0	100.	04,3	100.	58,0	100.
	\$ 57	0 %	\$ 00	0 %	\$ 75	0 %	\$ 00	0 %

(1) Includes our investment in PHP Holdings of \$655 million as part of the Prospect Transaction as further described above in this same [Note 3](#).

Total Assets by U.S. State and Country

U.S. States and Other Countries	As of March 31, 2023		As of December 31, 2022		As of June 30, 2023		As of December 31, 2022	
	Percent		Percent		Percent		Percent	
	Total	Assets	Total	Assets	Total	Assets	Total	Assets
Texas	2,00		1,96		1,94		1,96	
	8,14		7,94		0,87		7,94	
	\$ 6	10.2 %	\$ 8	10.0 %	\$ 2	10.1 %	\$ 8	10.0 %
Florida					1,36		1,32	
					6,45		4,55	
					3	7.1 %	5	6.8 %
California	1,50		1,45		1,21		1,45	
	2,06		0,11		1,93		0,11	
	0	7.7 %	2	7.4 %	2	6.3 %	2	7.4 %
Florida	1,31		1,32					
	9,87		4,55					
	8	6.7 %	5	6.8 %				
Utah	1,21		1,22				1,22	
	8,88		4,48		834,		4,48	
	3	6.2 %	4	6.2 %	773	4.4 %	4	6.2 %
Massachusetts	763,		761,		805,		761,	
	555	3.9 %	694	3.9 %	796	4.2 %	694	3.9 %
	4,03		4,24		3,84		4,24	
All other states	5,76		5,30		6,67		5,30	
	2	20.5 %	6	21.6 %	0	20.0 %	6	21.6 %
	1,08		1,02		1,69		1,02	
Other domestic assets	7,13		8,94		9,68		8,94	
	6	5.5 %	6	5.2 %	6	8.9 %	6	5.2 %

Total U.S.	11,9	12,0	11,7	12,0
	35,4	03,0	06,1	03,0
	\$ 20	60.7%	\$ 45	61.1%
United Kingdom	4,14	4,08	4,30	4,08
	5,17	3,24	1,19	3,24
	\$ 0	21.1%	\$ 4	20.8%
Germany			746,	664,
			419	3.9%
Switzerland			682,	748,
			069	3.5%
Australia	781,	854,	301,	854,
	585	4.0%	582	4.3%
Switzerland	763,	748,		
	711	3.9%	947	3.8%
Germany	666,	664,		
	930	3.4%	900	3.4%
Spain	226,	222,	232,	222,
	800	1.1%	316	1.1%
All other countries	508,	498,	520,	498,
	285	2.6%	753	2.5%
Other international assets	622,	582,	714,	582,
	256	3.2%	213	3.0%
Total international	7,71	7,65	7,49	7,65
	4,73	4,95	8,19	4,95
Grand total	\$ 7	39.3%	\$ 5	38.9%
	19,6	19,6	19,2	19,6
	50,1	100.	58,0	100.
	\$ 57	0%	\$ 00	0%
			\$ 75	0%
			\$ 00	0%

On an individual property basis, we had no our largest investment in any single property greater than was approximately 32% of our total assets as of March 31, 2023 June 30, 2023.

Total Revenues by Operator

For the Three Months Ended March 31,		For the Three Months Ended June 30,	
2023	2022	2023	2022

Operator	Percenta		Percenta		Percent		Percent	
	ge of		ge of		age of		age of	
	Total	Revenue	Total	Revenue	Total	Revenue	Total	Revenue
s	Total	Revenue	Total	Revenue	Total	Revenue	Total	Revenue
s	Revenues	s	Revenues	s	s	s	s	s
Prospect					68,4		42,3	
Circle					\$ 36	20.3 %	\$ 64	10.6 %
Priory					48,6		47,5	
Common					45	14.4 %	39	11.9 %
Spirit					26,9		19,1	
Lifepoint					30	8.0 %	79	4.8 %
Behavioral					19,5		—	—
Steward	103,		121,		(1		106,	
	\$ 494	29.6 %	\$ 244	29.6 %	(301)	-0.1 %	007	26.5 %
Circle	47,4		51,2					
	15	13.5 %	12	12.5 %				
Prospect			38,6					
Circle	—	0.0 %	84	9.4 %				
Priory	24,7		19,0					
	40	7.1 %	70	4.7 %				
Springstone	20,1		21,6					
	67	5.8 %	64	5.3 %				
Other operators	154,		157,		155,		162,	
	\$ 395	44.0 %	\$ 926	38.5 %	\$ 049	45.9 %	\$ 887	40.6 %
Total	350,	100.	409,	100.	337,	100.	400,	100.
	\$ 211	0 %	\$ 800	0 %	\$ 395	0 %	\$ 226	0 %

(1) Includes \$95 million straight-line rent write-off as a result of the Steward Transaction as further described above in this same [Note 3](#).

Total Revenues by U.S. State and Country

	For the Three Months Ended March 31,				For the Three Months Ended June 30,			
	2023		2022		2023		2022	
	Percenta ge of		Percent age of		Percent		Percent	
	Total	Total	Total	Total	Total	Total	Total	Total
U.S. States	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue
and Other Countries	\$ s	\$ s	\$ s	\$ es	\$ s	\$ es	\$ s	\$ es
California					57,3		48,1	
Texas	44,1		34,8		47,4		39,7	
	\$ 16	12.6 %	\$ 44	8.5 %	44	14.1 %	16	9.9 %
Utah	35,6		33,7					
	41	10.2 %	68	8.2 %				
Florida	26,1		25,3		35,5		26,0	
	82	7.5 %	05	6.2 %	08	10.5 %	51	6.5 %
California	19,4		41,2					
	95	5.6 %	91	10.1 %				
Massachusetts	6,81		32,6					
	6	1.8 %	31	8.0 %				
Pennsylvania					22,9		19,9	
Arizona					30	6.8 %	42	5.0 %
All other states	99,1		125,		36,2	(1	137,	
	37	28.4 %	907	30.7 %	04	) 10.7 %	518	34.4 %
Total U.S.	231,		293,		219,		287,	
	\$ 387	66.1 %	\$ 746	71.7 %	\$ 174	65.0 %	\$ 719	71.9 %
United Kingdom	84,2		83,9		88,2		79,4	
Australia	15,2		17,0					
	37	4.4 %	31	4.1 %				
Germany					9,51		8,33	
					7	2.8 %	7	2.1 %

All other countries	19,3 81	5.5 %	15,1 17	3.7 %	20,4 29	6.0 %	24,7 55	6.2 %
Total international	118, \$ 824	33.9 %	116, \$ 054	28.3 %	118, \$ 221	35.0 %	112, \$ 507	28.1 %
Grand total	350, \$ 211	100. 0 %	409, \$ 800	100. 0 %	337, \$ 395	100. 0 %	400, \$ 226	100. 0 %

(1) Includes \$95 million straight-line rent write-off as a result of the Steward Transaction as further described above in this same [Note 3](#).

Total Revenues by Facility Type

Facility Types	For the Three Months Ended March 31,			
	2023		2022	
	Total Revenues	Percentage of Total Revenues	Total Revenues	Percentage of Total Revenues
General acute care hospitals	\$ 253,036	72.3 %	\$ 316,019	77.0 %
Behavioral health facilities	53,658	15.3 %	50,897	12.4 %
Inpatient rehabilitation facilities	29,046	8.3 %	28,906	7.1 %
Long-term acute care hospitals	8,251	2.4 %	8,302	2.1 %
Freestanding ER/urgent care facilities	6,220	1.7 %	5,676	1.4 %
Total	\$ 350,211	100.0 %	\$ 409,800	100.0 %

Facility Types	For the Three Months Ended June 30,			
	2023		2022	
	Total Revenues	Percentage of Total Revenues	Total Revenues	Percentage of Total Revenues
General acute care hospitals	\$ 234,917 (1)	69.6 %	\$ 305,468	76.3 %
Behavioral health facilities	56,378	16.7 %	51,763	12.9 %
Inpatient rehabilitation facilities	31,452	9.3 %	28,897	7.2 %
Long-term acute care hospitals	8,329	2.5 %	8,270	2.1 %
Freestanding ER/urgent care facilities	6,319	1.9 %	5,828	1.5 %
Total	\$ 337,395	100.0 %	\$ 400,226	100.0 %

(1) Includes \$95 million straight-line rent write-off as a result of the Steward Transaction as further described above in this same

Note 3.

For geographic and facility type concentration metrics above, we allocate our investments in 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.

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4. Debt

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

	As of December		As of December	
	As of March 31,		As of June 30,	
	2023	31, 2022	2023	31, 2022
Revolving credit facility(A)			1,211,70	
Term loan	\$ 1,031,037	\$ 929,584	\$ 8	\$ 929,584
British pound sterling term loan due 2024(B)	200,000	200,000	200,000	200,000
British pound sterling term loan due 2025(B)	129,353	126,690	133,191	126,690
Australian term loan facility(B)	863,590	845,810	889,210	845,810
2.550% Senior Unsecured Notes due 2023(B)	802,200	817,560	313,208	817,560
3.325% Senior Unsecured Notes due 2025(B)	493,480	483,320	508,120	483,320
0.993% Senior Unsecured Notes due 2026(B)	541,950	535,250	545,450	535,250
2.500% Senior Unsecured Notes due 2026(B)	541,950	535,250	545,450	535,250
5.250% Senior Unsecured Notes due 2026	616,850	604,150	635,150	604,150
5.000% Senior Unsecured Notes due 2027	500,000	500,000	500,000	500,000
3.692% Senior Unsecured Notes due 2028(B)	1,400,000	1,400,000	0	1,400,000
	740,220	724,980	762,180	724,980

4.625% Senior Unsecured Notes due 2029	900,000	900,000	900,000	900,000
3.375% Senior Unsecured Notes due 2030(B)	431,795	422,905	444,605	422,905
3.500% Senior Unsecured Notes due 2031	1,300,000	1,300,000	0	1,300,000
	10,492,42		10,288,2	
\$ 5	\$ 10,325,499	\$ 72	\$ 10,325,499	
Debt issue costs and discount, net	(54,274)	(57,087)	(50,714)	(57,087)
	10,438,15		10,237,5	
\$ 1	\$ 10,268,412	\$ 58	\$ 10,268,412	
	<u><u>10,492,425</u></u>		<u><u>10,288,272</u></u>	

(A) Includes £119 million of GBP-denominated borrowings and €253,303 million of Euro-denominated borrowings that reflect the applicable exchange rates at **March 31, 2023** June 30, 2023.

(B) Non-U.S. dollar denominated debt reflects the exchange rates at **March 31, 2023** June 30, 2023 and December 31, 2022.

As of **March 31, 2023** June 30, 2023, 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):

2023	\$ 493,480	\$ 508,120
2024	931,553	446,399
2025	1,405,540	1,434,660
2026	2,689,837	2,892,308
2027	1,600,000	1,600,000
Thereafter	3,372,015	3,406,785
Total	<u><u>\$ 10,492,425</u></u>	<u><u>\$ 10,288,272</u></u>

2023 Activity

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 of the A\$1.2 billion Australian term loan. As a result of this prepayment, we incurred approximately \$0.8 million to accelerate the amortization of related debt issue costs.

2022 Activity

On June 29, 2022, we amended our Credit Facility to extend the maturity date of our \$1.8 billion revolving facility to June 30, 2026, with our option to extend for an additional 12 months, and extend the maturity date of our \$200 million unsecured term loan facility to June 30, 2027. Additionally, we may request incremental term loan and/or revolving loan commitments in an aggregate amount not to exceed \$1 billion. As a result of this amendment, we incurred approximately \$0.6 million of debt refinancing costs.

On March 15, 2022, we paid off and terminated our \$1 billion interim credit facility that was entered into on July 27, 2021 with proceeds from the Macquarie Transaction as more fully described in [Note 3](#) to the condensed consolidated financial statements. As part of this transaction, we incurred approximately \$8.8 million of debt refinancing costs.

Covenants

Our debt facilities impose certain restrictions on us, including restrictions on our ability to: incur debts; create or incur liens; provide guarantees in respect of obligations of any other entity; make redemptions and repurchases of our capital stock; prepay, redeem, or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate or other assets; and change our business. In addition, the credit agreements governing our Credit Facility limit the amount of dividends we can pay as a percentage of normalized adjusted funds from operations ("NAFFO"), as defined in the agreements, on a rolling four quarter basis. At March 31, 2023 June 30, 2023, the dividend restriction was 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.

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In addition to these restrictions, the Credit Facility contains customary financial and operating covenants, including covenants relating to our total leverage ratio, fixed charge coverage ratio, secured leverage ratio, consolidated adjusted net worth, unsecured leverage ratio, and unsecured interest coverage ratio. 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. At March 31, 2023 June 30, 2023, we were in compliance with all such financial and operating covenants.

5. Income Taxes

During the 2023 second quarter, we elected to move a majority of our United Kingdom assets into a United Kingdom REIT regime with an effective date of July 1, 2023. As substantially all necessary activities had been completed to enter the United Kingdom REIT regime by June 30, 2023, we adjusted the deferred tax liabilities associated with these properties.

resulting in a \$158 million income tax benefit in the second quarter of 2023. We expect to reduce our quarterly tax expense going forward by approximately \$2 million.

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 16.7 million shares remain available for future stock awards as of March 31, 2023 June 30, 2023. Share-based compensation expense totaled \$11.8 18.3 million and \$21.9 million for each of the three six months ended March 31, 2023 June 30, 2023 and 2022, 2022, respectively. The decrease in share-based compensation is a result of a \$6.7 million cumulative benefit catch-up from adjusting the payout probability of certain performance awards, partially offset by an incremental \$2.3 million of expense from the acceleration of stock awards for a retiring executive officer.

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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.

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

<u>Asset</u> <u>(Liability)</u>	As of March 31, 2023		As of December 31, 2022		As of June 30, 2023		As of December 31, 2022	
	Book	Fair	Book	Fair	Book	Fair	Book	Fair
	Value	Value	Value	Value	Value	Value	Value	Value
Interest and rent receivable	169, \$ 511	160, \$ 947	167, \$ 035	163, \$ 101	177, \$ 643	142, \$ 420	167, \$ 035	163, \$ 101
Loans(1)	1,51 1,18 2)	1,45 6,75 3	1,40 5,61 5)	1,36 0,11 3	1,21 6,62 5)	1,14 0,59 4	1,40 5,61 5)	1,36 0,11 3
Debt, net	(10, 438, 151)	(8,5 94,5 84)	(10, 268, 412)	(8,6 97,0 42)	(10, 237, 558)	(8,5 68,0 02)	(10, 268, 412)	(8,6 97,0 42)

- (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. In addition for December 31, 2022 only, this excludes the acquisition and mortgage loans made to Springstone, Lifepoint Behavioral, which were satisfied in full in February 2023 as further described in [Note 3](#) to the condensed consolidated financial statements.
- (2) Includes \$224.4 162.9 million and \$223.8 million of mortgage loans, a \$319.9 321.9 million and \$315.9 million shareholder loan included in investments in unconsolidated real estate joint ventures, \$693.0 535.2 million and \$640.4 million of loans that are part of our investments in unconsolidated operating entities, and \$273.9 196.6 million and \$225.5 million of other loans at [March 31, 2023](#) [June 30, 2023](#) and December 31, 2022, 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, and our equity investment in Springstone Lifepoint Behavioral, and our convertible loan and equity 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. For December 31, 2022, our acquisition and mortgage loans to Springstone Lifepoint Behavioral (which were satisfied in full in February 2023 as described in [Note 3](#) to the condensed consolidated financial statements) were also accounted for under the fair value option method. We elected to account for these investments at fair value due to the size of the investments and because we believe this method was more reflective of current values.

At [March 31, 2023](#) [June 30, 2023](#) and December 31, 2022, the amounts recorded under the fair value option method were as follows (in thousands):

Asset (Liability)	As of March 31, 2023		As of December 31, 2022			As of June 30, 2023			As of December 31, 2022		
	Origin		Origin		Asset Type	Origin		Origin		Asset Type	
	Fair Value	al Cost	Fair Value	al Cost	Classification	Fair Value	al Cost	Fair Value	al Cost	Classification	
Mortg age loans	12 2, 07	12 2, 07	14 0, 26	14 0, 26	Mortgage loans	13 6, 45	13 6, 45	14 0, 26	14 0, 26	Mortgage loans	
Equity invest ment and other loans	\$ 3 24 3, 56 1	\$ 3 24 7, 12 5	\$ 0 43 4, 60 9	\$ 0 44 1, 94 3	Investmen ts in unconsolid ated operating entities/Ot her loans	89 8, 37	91 0, 58	43 4, 60 9	44 1, 94 3	Investmen ts in unconsoli dated operating entities/Ot her loans	

Our loans to the international joint venture and its subsidiaries (as well as the **Springstone Lifepoint Behavioral** loans at December 31, 2022) are recorded at fair value based on Level 2 inputs by discounting the estimated cash flows using the market rates at which similar loans would be made to borrowers with similar credit ratings and the same remaining maturities, while also considering the value of

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the underlying collateral of the loans. Our equity investment in **Springstone Lifepoint Behavioral** is recorded at fair value 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 **is and our convertible loan and equity investment in PHP Holdings are** recorded at fair value based on Level 3 inputs, by using a discounted cash flow model, which requires significant estimates of our investee such as projected revenue and expenses and appropriate consideration of the underlying risk profile of the forecasted assumptions associated with the investee. We classify our valuations of equity investments as Level 3, as we use certain unobservable inputs to the valuation methodology that are significant to the fair value measurement, and the valuations require management judgment due to **the absence of quoted market prices**. For the cash flow models, our observable inputs include use of a capitalization rate and discount rate (which is based on a weighted-average cost of capital) **and our unobservable input includes 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 will 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 quarter half of 2023 and 2022, we had a net favorable unfavorable adjustment to the investments accounted for under the fair value option method, compared method.

The DLOM on our investment in PHP Holdings was approximately 9% at June 30, 2023. In arriving at the DLOM, we started with a DLOM range based on the results of studies supporting valuation discounts for other transactions or structures without a public market. To select the appropriate DLOM within the range, we then considered many qualitative factors, including the percent of control, the nature of the underlying investee's business along with our rights as an investor pursuant to an unfavorable adjustment 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 first quarter of 2022.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	\$ (7,216)	
- 100 basis points		7,216

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 long-lived asset impairment purposes. In these cases, fair value may be based on estimated cash flows discounted at a risk-adjusted rate of interest by using Level 2 inputs. For our real estate, including for the impairment analysis on our Prospect Pennsylvania real estate, we may use a market approach using Level 2 inputs, whereby we will divide the expected net operating income (i.e. rent revenue less expenses, if any) of the facility by a market capitalization rate.

8. Earnings Per Share/Unit

Medical Properties Trust, Inc.

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

For the Three Months Ended March 31,		For the Three Months Ended June 30,	
2023	2022	2023	2022

Numerator:			
Net income		631,94	
	\$ 33,030	\$ 7	
Non-controlling interests' share in earnings	(236)	(266)	
Net (loss) income		(42,43)	190,06
		\$ 3)	\$ 4
Non-controlling interests' share in net loss (income)		396	(467)
Participating securities' share in earnings	(515)	(402)	(469)
Net income, less participating securities' share in earnings		631,27	
	\$ 32,279	\$ 9	
Net (loss) income, less participating securities' share in earnings		(42,50)	189,25
		\$ 6)	\$ 2
Denominator:			
Basic weighted-average common shares	598,30	598,67	598,34
	2	6	4
Dilutive potential common shares (1)	8	256	—
Diluted weighted-average common shares	598,31	598,93	598,34
	0	2	4
			6

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	For the Six Months	
	Ended June 30,	
	2023	2022
Numerator:		
Net (loss) income	\$ (9,403)	\$ 822,011
Non-controlling interests' share in net loss (income)	160	(733)
Participating securities' share in earnings	(984)	(747)
Net (loss) income, less participating securities' share in earnings	\$ (10,227)	\$ 820,531
Denominator:		
Basic weighted-average common shares	598,323	598,751
Dilutive potential common shares(1)	—	228
Diluted weighted-average common shares	598,323	598,979

MPT Operating Partnership, L.P.

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

Numerator:	For the Three Months		For the Three Months	
	Ended March 31,		Ended June 30,	
	2023	2022	2023	2022
Net income		631,94		
	\$ 33,030	\$ 7		
Non-controlling interests' share in earnings	(236)	(266)		
Net (loss) income			(42,43)	190,06
			\$ 3)	\$ 4
Non-controlling interests' share in net loss (income)			396	(467)
Participating securities' share in earnings	(515)	(402)	(469)	(345)
Net income, less participating securities' share in earnings		631,27		
	\$ 32,279	\$ 9		
Net (loss) income, less participating securities' share in earnings			(42,50)	189,25
			\$ 6)	\$ 2
Denominator:				
Basic weighted-average units	598,30	598,67	598,34	598,82
	2	6	4	7
Dilutive potential units (1)	8	256	—	199
Diluted weighted-average units	598,31	598,93	598,34	599,02
	0	2	4	6

Numerator:	For the Six Months	
	Ended June 30,	
	2023	2022
Net (loss) income	\$ (9,403)	\$ 822,011
Non-controlling interests' share in net loss (income)	160	(733)
Participating securities' share in earnings	(984)	(747)
Net (loss) income, less participating securities' share in earnings	\$ (10,227)	\$ 820,531
Denominator:		

Basic weighted-average units	598,323	598,751
Dilutive potential units(1)	—	228
Diluted weighted-average units	<u>598,323</u>	<u>598,979</u>

(1) Potential common shares/units are not included in the computation of diluted earnings per share when a loss exist as the effect would be an antidilutive per share amount.

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 expect to receive the majority \$355 million in cash and have received the remainder in equity/equity-like securities of PHP

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Holdings. Holdings - part of the Prospect Transaction. This transaction is expected to close in 2023 subject to certain regulatory approvals and the completion of Yale's acquisition of the hospital operations from Prospect. No assurances can be given that this transaction will be consummated as described or at all.

Contingencies

During and subsequent to the first quarter of 2023, the Company we became party to various lawsuits as further described in Item 1 of Part II of this Quarterly Report on Form 10-Q. We have not recorded a liability related to these lawsuits because, at this time, we are unable to determine whether an unfavorable outcome is probable or to estimate reasonably possible losses.

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We are a party to various other legal proceedings incidental to our business from time-to-time. 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 April 14, 2023, In the third quarter of 2023, we acquired invested approximately \$five 140 behavioral health hospitals located in the United Kingdom for approximately £44 million. These hospitals are leased to Priory pursuant to five separate lease agreements with annual inflation-based escalators.

On April 19, 2023, we acquired two behavioral health hospitals and have a signed definitive agreement to acquire an additional facility, located in Germany, million for a total of approximately € minority participation in Steward's syndicated asset-backed credit facility. The four-year facility was underwritten and sized based on Steward's accounts receivable from

government and commercial payors. 70 million. These hospitals will be leased to MEDIAN pursuant to a long-term master lease with annual inflation-based escalators.

On May 1, 2023, Catholic Health Initiatives Colorado ("CHIC"), a wholly owned subsidiary of CommonSpirit Health ("CommonSpirit"), acquired the Utah hospital operations of five general acute care facilities previously operated by Steward. As a result of this transaction, we expect to receive \$150 million of proceeds from Steward to pay down outstanding loans, \$100 million of which we received on May 1, 2023. The new lease with CHIC for these Utah assets will have 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 will accelerate the amortization of the associated in-place lease intangibles (approximately \$288 million at March 31, 2023) and write-off approximately \$94 million of straight-line rent receivables. With this transaction, we expect to lower our overall asset concentration with Steward by approximately 4% and our revenue concentration by approximately 8%.

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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, 2022.

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"). 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 political, economic, business, real estate, and other market conditions in the U.S. (both national and local), Eui (in particular the United Kingdom, Germany, Switzerland, Spain, Italy, Finland, and Portugal), Australia, South America (in particular Colombia), and other foreign jurisdictions where we may own healthcare facilities or transac business, which may have a negative effect on the following, among other things:
 - the financial condition of our tenants, our lenders, or institutions that hold our cash balances or are counterparties to certain hedge agreements, which may expose us to increased risks of default by these parties;
 - our ability to obtain equity or debt financing on attractive terms or at all, which may adversely impact our abili

to pursue acquisition and development opportunities, refinance existing debt, and our future interest expense and

- o the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our real estate assets or on an unsecured basis;
- the impact of factors that may affect our business, our joint ventures or the business of our tenants/borrowers that beyond our control, including natural disasters, health crises, or pandemics (such as COVID-19) and subsequent government actions in reaction to such matters;
- the risk that a condition to closing under the agreements governing any or all of our pending transactions (including the transactions described in [Note 3](#), [and Note 9](#), and [Note 10](#) to the condensed consolidated financial statements) that have not closed as of the date hereof may not be satisfied;
- the possibility that the anticipated benefits from any or all of the transactions we have entered into or will enter into may take longer to realize than expected or will not be realized at all;
- the competitive environment in which we operate;
- the execution of our business plan;
- financing risks, including due to rising inflation and interest rates;
- acquisition and development risks;
- potential environmental contingencies and other liabilities;
- adverse developments affecting the financial health of one or more of our tenants, including insolvency;
- other 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 U.S. federal and state income tax purposes;
- our ability to attract and retain qualified personnel;
- changes in foreign currency exchange rates;
- changes in federal, state, or local tax laws in the U.S., Europe, Australia, South America, or other jurisdictions in which we may own healthcare facilities or transact business;
- healthcare and other regulatory requirements of the U.S., Europe, Australia, South America, and other foreign countries; and

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- the accuracy of our methodologies and estimates regarding environmental, social, and governance ("ESG") metric 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) 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 tier 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, Australia, 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 Center for Medicare and Medicaid Services, 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 annual property inspections thereafter.

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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 2022 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 ~~three~~ six months ended ~~March 31, 2023~~ June 30, 2023, 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 **March 31, 2023** **June 30, 2023**, our portfolio consisted of 444 properties leased or loaned to **54** **55** operators, of which **seven** **six** are under development and **four** **seven** are in the form of mortgage loans. We manage our business as a single business segment.

At **March 31, 2023** **June 30, 2023**, all of our investments are located in the U.S., Europe, Australia, and South America. Our total assets are made up of the following (dollars in thousands):

	As of		As of		As of		As of	
	March		December		June 30,		December	
	31, 2023	% of Total	31, 2022	% of Total	2023	% of Total	31, 2022	% of Total
Real estate assets	15,9		15,9		15,0		15,9	
- at cost	02,9	80	17,8	81	65,7	78	17,8	81
	\$ 59	.9 %	\$ 39	.0 %	\$ 54	.4 %	\$ 39	.0 %
Accumulated real estate depreciation and amortization	(1,2		(1,1		(1,2		(1,1	
	07,6	-6.	93,3	-6.	51,1	-6.	93,3	-6.
	99)	1 %	12)	1 %	65)	5 %	12)	1 %
Cash and cash equivalents	302,	1.	235,	1.	324,	1.	235,	1.
	321	5 %	668	2 %	050	7 %	668	2 %
Investments in unconsolidated real estate joint ventures	1,50		1,49		1,48		1,49	
	6,47	7.	7,90	7.	7,11	7.	7,90	7.
	4	7 %	3	6 %	8	7 %	3	6 %
Investments in unconsolidated operating entities	1,31		1,44		1,81		1,44	
	0,46	6.	4,87	7.	2,15	9.	4,87	7.
	0	7 %	2	4 %	0	4 %	2	4 %
Other	1,83		1,75		1,76		1,75	
	5,64	9.	5,03	8.	6,46	9.	5,03	8.
	2	3 %	0	9 %	8	3 %	0	9 %
Total assets	\$ 19,6	10 %	\$ 19,6	10 %	\$ 19,2	10 %	\$ 19,6	10 %
	50,1	0.	58,0	0.	04,3	0.	58,0	0.
	57	0	00	0	75	0	00	0

Results of Operations

Three Months Ended **March 31, 2023** **June 30, 2023** Compared to **March 31, 2022** **June 30, 2022**

Net **income** **loss** for the three months ended **March 31, 2023** **June 30, 2023**, was **\$32.8 million** **(\$42.0 million** **(\$0.05** **0.07** per diluted share) compared to **\$631.7 million** **net income of \$189.6 million** **(\$1.05** **0.32** per diluted share) for the three months ended **March 31, 2022** **June 30, 2022**. This decrease in net income is primarily driven by accelerating the gain on sale amortization of real estate in the 2022 first quarter from the Macquarie Transaction approximate \$286 million in-place lease intangible and the 2023 impairment charge write-off of approximately \$95 million of straight-line rent receivables, both associated with the Australia Steward Transaction both (see [Note 3](#) to the condensed consolidated financial statements for more detail) along with higher interest expense, partially offset by an increase in Prospect revenue in the second quarter of 2023 as a result of the Prospect Transaction (as more fully described in [Note 3](#) to the condensed consolidated financial statements. statements) and the approximate \$158 million tax benefit recognized in the second quarter of 2023 related to entering the United Kingdom REIT regime (as more fully described in [Note 5](#) 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 **\$222.2 million** **\$285.3 million** for the 2023 first second quarter, or **\$0.37** **\$0.48** per diluted share, as compared to **\$282.5 million** **\$274.7 million**, or **\$0.47** **\$0.46** per diluted share, for the 2022 first second quarter. This decrease in Normalized FFO is primarily due to not recognizing any revenue in the 2023 first quarter for Prospect - see [Note 3](#) to the condensed consolidated financial statements for further discussion on Prospect.

A comparison of revenues for the three month periods months ended **March 31, 2023** **June 30, 2023** and 2022 is as follows (dollar amounts in thousands):

	Year over Year					Year over Year				
	% of		% of		Chan	% of		% of		Chan
	2023	Total	2022	Total	ge	2023	Total	2022	Total	ge
	24		26			24		24		
Rent billed	8,1	70	3,4	64	-5.	7,4	73	1,2	60	2.
	\$ 57	.8 %	\$ 02	.3 %	8 %	\$ 91	.4 %	\$ 09	.3 %	6 %

Straight-line rent	56,69	16	04	14	-7.	(39,32	-1	58,51	14	-1
	3	.2 %	4	.9 %	1 %	9)	7 %	8	.6 %	.2 %
Income from financing leases	13,19	3.	77	12	4.	68,46	20	87	13	32
Interest and other income	32,16	9.	57	8.	-4.	60,76	18	62	12	25
	6	2 %	8	2 %	2 %	5	.0 %	6	.1 %	.0 %
Total revenues	35	10	40	10	-1	33	10	40	10	-1
	0,2	0.	9,8	0.	4.	7,3	0.	0,2	0.	5.
	<u>\$ 11</u>	<u>0 %</u>	<u>\$ 00</u>	<u>0 %</u>	<u>5 %</u>	<u>\$ 95</u>	<u>0 %</u>	<u>\$ 26</u>	<u>0 %</u>	<u>7 %</u>

Our total revenues for the 2023 **first** **second** quarter are down **\$59.6 million** **\$62.8 million**, or **14.5%** **15.7%**, 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 **\$19.6 million** **\$91.5 million** over the prior year of which approximately **\$30 million** **\$12 million** is due to disposals in 2022 (primarily related to and 2023, approximately **\$95 million** as a result of the **Macquarie** write-off of straight-line rent associated with the **Steward Transaction** as (as described in more detail in [Note 3](#) to the condensed consolidated financial statements), and **\$8.9 million** **\$1 million** of unfavorable foreign currency fluctuations. This decrease is partially offset by approximately **\$11 million** **\$10 million** in incremental revenue from acquisitions, capital additions, and the commencement of rent on a development property in the **first** **second** quarter of **2022**, **2023**. In addition, rent revenues are up approximately **\$8 million** **\$7 million** quarter-over-quarter from increases in CPI above the contractual minimum escalations in our leases.
- Income from financing leases – down **\$38.6 million** up **\$16.6 million** primarily due to not recording any **\$55.3 million** of **rent** revenue on Prospect in the **first** **second** quarter of 2023 from the **Prospect Transaction** as described in [Note 3](#) to the condensed consolidated financial statements, compared to **\$35.3 million** of revenue recorded **\$35.4 million** in the **first** **second** quarter of **2022**. This decrease is partially offset by **2022**, and the increase in CPI above the lease contractual minimum escalations by approximately **\$0.5 million**. This increase was partially offset by **\$3.8 million** of lower revenues from the disposal of two **Prime** financing leases in the **third** **quarter** of **2022**.
- Interest and other income – down **\$1.4 million** up **\$12.1 million** from the prior year due to the following:
 - Interest from loans – up **\$0.7 million** **\$9.4 million** due to approximately **\$4 million** of incremental revenue earned on new investments, **net of loan payoffs**, along with **\$0.3 million** approximately **\$1 million** of interest revenue on the **CHF 60 million** mortgage loan from **Infracore** (which was repaid in the second quarter of 2023), and approximately **\$0.5 million** of higher income from annual escalations due to increases in CPI. We also recorded approximately **\$13.5 million** of interest income

related to Prospect in the first six months of 2023 (compared to \$4.3 million in the first half of 2022) as a result of the Prospect Transaction as described in [Note 3](#) to the condensed consolidated financial statements. This increase is partially offset by a decrease of approximately \$3.0 million \$5 million from loan payoffs (including \$3.8 million due to [not recording any interest revenue for Prospect](#) the repayment of the initial acquisition loan as part of the Lifepoint Transaction described in [Note 3](#) to the [first quarter of 2023](#) condensed consolidated financial statements) and \$0.9 million \$0.3 million of unfavorable foreign currency fluctuations.

- o Other income – [down \\$2.1 million](#) [up \\$2.7 million](#) from the prior year as we had [less](#) [more](#) direct reimbursements from our tenants for ground leases, property taxes, and insurance.

Interest expense for the quarters ended [March 31, 2023](#) [June 30, 2023](#) and 2022 totaled \$97.7 million \$104.5 million and \$91.2 million \$87.7 million, respectively. This increase is primarily related to an increase in [borrowings on our revolver](#) and [higher interest rates on our Credit Facility and term loans](#)

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compared to the prior year, [and partially offset by a decrease due to the issuance](#) A\$730 million paydown of a £105 million unsecured sterling-denominated [our Australia term loan on December 9, 2022](#), [in the second quarter of 2023](#). Our weighted-average interest rate [of 3.7%](#) [was 3.9%](#) for the quarter ended [March 31, 2023](#) is higher than the [3.1%](#) [June 30, 2023](#) compared to [3.3%](#) for the same period in 2022.

Real estate depreciation and amortization during the [first](#) [second](#) quarter of 2023 [decreased](#) [increased](#) to \$83.9 million \$364.4 million from \$85.3 million \$84.3 million in 2022 due 2022. Of this increase, \$286 million relates to [foreign currency fluctuations and property sales](#) accelerating the amortization of lease intangibles as part of the [Steward Transaction](#) described in 2022, partially offset by new investments made after March 31, 2022, [more detail in \[Note 3\]\(#\) to the condensed consolidated financial statements](#).

Property-related expenses totaled \$7.1 million \$24.7 million and \$8.6 million \$21.1 million for the quarters ended [March 31, 2023](#) [June 30, 2023](#) and 2022, respectively. Of the property expenses in the [first](#) [second](#) quarter of 2023 and 2022, approximately \$4.2 million \$21.1 million and \$6.3 million \$18.3 million, respectively, represents

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costs (primarily property insurance premiums) 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 expenses totaled \$41.7 million \$35.6 million for the 2023 [first](#) [second](#) quarter, [relatively flat](#) a \$3.3 million decrease from the 2022 [first](#) [second](#) quarter of \$41.4 million. \$38.9 million, primarily due to a decrease in share-based compensation. The decrease in share-based compensation is a result of a \$6.7 million cumulative benefit catch-up from adjusting the payout probability of certain performance awards, partially offset by an incremental \$2.3 million of expense from the acceleration of stock awards for a retiring executive officer.

During the three months ended **March 31, 2022** **June 30, 2022**, we completed the Macquarie Transaction in which we sold the real estate of eight Massachusetts-based general acute care hospitals, resulting in a gain on real estate of approximately \$600 million, partially offset by approximately \$125 million of write-offs of non-cash straight-line rent receivables. We also disposed of two other facilities and an ancillary property resulting in a net gain of **\$15 million** **\$16.4 million**.

In the first quarter of 2023, we recorded an \$89.5 million net impairment charge, of which \$79 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. The 2022 first quarter impairment charge related to our Watsonville facility.

With the interest rate swap no longer classified as an effective cash flow hedge due to the Australia Transaction disclosed in [Note 3](#) to the condensed consolidated financial statements, we expect some earnings volatility from marking the swap to fair value in future quarters until the related debt is extinguished.

Earnings from equity interests was **\$11.4 million** **\$12.2 million** for the quarter ended **March 31, 2023** **June 30, 2023**, up **\$4.0 million** down **\$2.6 million** from the same period in 2022. This **increase** **decrease** is primarily due to **\$2.1 million** of additional income generated on our Massachusetts-based partnership with MAM entered into during March 2022.

Debt refinancing and unutilized financing **higher interest** costs **were** **\$8.8 million** for the quarter ended **March 31, 2022**, as a result of the termination **from increasing interest rates at certain of our** **\$1 billion interim credit facility** (see [Note 4](#) to the condensed consolidated financial statements for more detail). **unconsolidated real estate joint ventures.**

Other expense for the **first three months** **second quarter** of 2023 was **\$5.2 million** **\$10.5 million** and included approximately **\$8 million** **\$2.5 million** of expenses associated with responding to certain defamatory statements published by certain parties, including those who are defendants to a lawsuit we filed on March 30, 2023. See Item 1 of Part II for further details on the lawsuit. This expense **was partially offset by** **also included approximately \$4 million** **\$8 million** of **favorable** **unfavorable** non-cash fair value adjustments on our investment in Aegis and other investments marked to fair value during the **second quarter** of 2023. For the **first three months** **second quarter** of 2022, we had other income of **\$14.8 million** **\$2.0 million** primarily from **\$8.0 million** **\$1.0 million** of favorable adjustments on our investment in Aegis and other investments marked to fair value.

Income tax expense includes U.S. federal and state income taxes on our TRS entities, as well as non-U.S. **income** **based** **income-based** or withholding taxes on certain investments located in jurisdictions outside the U.S. The **\$3.5 million** **\$148.3 million** income tax **expense** **benefit** for the three months ended **March 31, 2023** **June 30, 2023** is primarily based on the **income generated** **\$158 million** benefit received by **our investments** in **entering** the United Kingdom **partially offset by a \$5.0 million tax benefit** recognized in the first quarter of 2023 related to the expected sale of our Australia facilities. **REIT regime.** In comparison, we incurred **\$11.4 million** **\$10.7 million** in income tax expense in the **first** **second** quarter of 2022.

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 **\$74 million** **\$93 million** should be reflected against certain of our international and domestic net deferred tax assets at **March 31, 2023** **June 30, 2023**. 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.

Six Months Ended June 30, 2023 Compared to June 30, 2022

Net loss for the six months ended June 30, 2023, was \$(9.2) million (\$0.02 per diluted share) compared to net income of \$821.3 million (\$1.37 per diluted share) for the six months ended June 30, 2022. This decrease in net income is driven by accelerating the amortization of the approximate \$286 million in-place lease intangible and the write-off of approximately \$95 million of straight-line rent receivables, both associated with the Steward Transaction (see [Note 3](#) to the condensed consolidated financial statements for more detail), the gain on sale of real estate in the 2022 first quarter from the Macquarie Transaction, and the 2023 impairment charge in the first quarter associated with the Australia Transaction, both as described in [Note 3](#) to the condensed consolidated financial statements. This decrease was partially offset by the approximate \$158 million tax benefit recognized in the second quarter of 2023 related to entering the United Kingdom REIT regime (as more fully described in [Note 5](#) to the condensed consolidated financial statements). Normalized 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 \$507.5 million for the first six months of 2023, or \$0.85 per diluted share, as compared to \$557.2 million, or \$0.93 per diluted share, for the first six months of 2022. This decrease in Normalized FFO is primarily due to various disposals throughout 2022 and 2023, including the Macquarie Transaction and the Australia Transaction (both described in more detail in [Note 3](#) to the condensed consolidated financial statements).

A comparison of revenues for the six months ended June 30, 2023 and 2022 is as follows (dollar amounts in thousands):

	2023	% of		Year over	
		Total	2022	Total	Year Change
Rent billed	\$ 495,648	72.1 %	\$ 504,611	62.3 %	-1.8 %
Straight-line rent	17,364	2.5 %	119,562	14.8 %	-85.5 %
Income from financing leases	81,663	11.9 %	103,649	12.8 %	-21.2 %
Interest and other income	92,931	13.5 %	82,204	10.1 %	13.0 %

Total revenues	\$ 687,606	100.0 %	\$ 810,026	100.0 %	-15.1 %
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Our total revenues for the first six months of 2023 are down \$122.4 million, or 15.1%, 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 \$111.1 million over the prior year of which approximately \$42 million is due to disposals in 2022 and 2023 (primarily related to the Macquarie Transaction as described in [Note 3](#) to the condensed consolidated financial statements), approximately \$95 million as a result of the write-off of straight-line rent associated with the Steward Transaction, and \$9.9 million of unfavorable foreign currency fluctuations. This decrease is partially offset by approximately \$21 million in incremental revenue from acquisitions, capital additions, and the commencement of rent on a development property in the first quarter of 2022 and the second quarter of 2023. In addition, rent revenues are up approximately \$15 million period-over-period from increases in CPI above the contractual minimum escalations in our leases.
- Income from financing leases – down \$22.0 million due to recording \$55.3 million of rent on Prospect in the first half of 2023 from the Prospect Transaction as described in [Note 3](#) to the condensed consolidated financial statements, compared to \$70.8 million recorded in the first half of 2022, and approximately \$7 million of lower revenues from the disposal of two Prime financing leases in the third quarter of 2022. This decrease is partially offset by the increase in CPI above the lease contractual minimum escalations by approximately \$1 million.
- Interest and other income – up \$10.7 million from the prior year due to the following:
 - o Interest from loans – up \$10.1 million due to approximately \$9 million of incremental revenue earned on new investments, along with approximately \$2 million of interest revenue on the CHF 60 million mortgage loan from Infracore (which was repaid in the second quarter of 2023), and approximately \$1 million of higher income from annual escalations due to increases in CPI. We also recorded approximately \$13.5 million of interest income related to Prospect in the first six months of 2023 (compared to \$7.5 million in the first half of 2022) as a result of the Prospect Transaction as described in [Note 3](#) to the condensed consolidated financial statements. This increase is partially offset by a decrease of approximately \$8 million from loan payoffs (including \$6 million due to the repayment of the initial acquisition loan as part of the Lifepoint Transaction

described in [Note 3](#) to the condensed consolidated financial statements) and \$1 million of unfavorable foreign currency fluctuations.

- o Other income – up \$0.6 million from the prior year as we had more direct reimbursements from our tenants for ground leases, property taxes, and insurance.

Interest expense for the six months ended June 30, 2023 and 2022 totaled \$202.1 million and \$178.9 million, respectively. This increase is primarily related to an increase in borrowings and higher interest rates on our Credit Facility and term loans compared to the prior year, partially offset by a decrease due to the A\$730 million paydown of our Australia

term loan in the second quarter of 2023. Our weighted-average interest rate was 3.8% for the six months ended June 30, 2023 compared to 3.2% for the same period in 2022.

Real estate depreciation and amortization during the first six months of 2023 increased to \$448.3 million from \$169.7 million in the same period of 2022. Of this increase, \$286 million relates to accelerating the amortization of lease intangibles as part of the Steward Transaction as described in [Note 3](#) to the condensed consolidated financial statements.

Property-related expenses totaled \$31.8 million and \$29.7 million for the six months ended June 30, 2023 and 2022, respectively. Of the property expenses in the first six months of 2023 and 2022, approximately \$25.3 million and \$24.6 million, respectively, represents costs (primarily property insurance premiums) 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 expenses totaled \$77.3 million for the first six months of 2023 compared to \$80.3 million in the same period of 2022, primarily due to a decrease in share-based compensation. The decrease in share-based compensation is a result of a \$6.7 million cumulative benefit catch-up from adjusting the payout probability of certain performance awards, partially offset by an incremental \$2.3 million of expense from the acceleration of stock awards for a retiring executive officer.

During the six months ended June 30, 2022, we completed the Macquarie Transaction in which we sold the real estate of eight Massachusetts-based general acute care hospitals, resulting in a gain on real estate of approximately \$600 million, partially offset by approximately \$125 million of write-offs of non-cash straight-line rent receivables. We also disposed of four other facilities and two ancillary properties resulting in a net gain of \$31 million.

In the first quarter of 2023, we recorded an \$89.5 million net impairment charge, of which \$79 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. The impairment charge in the first six months of 2022 related to our Watsonville facility.

With the interest rate swap no longer classified as an effective cash flow hedge due to the Australia Transaction disclosed in [Note 3](#) to the condensed consolidated financial statements, we expect some earnings volatility from marking the swap to fair value in future quarters until all of the related debt is extinguished.

Earnings from equity interests was \$23.6 million for the six months ended June 30, 2023, up \$1.5 million from the same period in 2022. This increase is primarily due to additional income generated on our Massachusetts-based partnership with MAM entered into during March 2022, partially offset by higher interest costs from increasing interest rates at certain of our unconsolidated real estate joint ventures.

Debt refinancing and unutilized financing costs were \$0.8 million for the first six months of 2023, as a result of the prepayment on the A\$1.2 billion Australian term loan, compared to \$9.4 million on the first six months of 2022, as a result of the termination of our \$1 billion interim credit facility in March 2022 and the amendment of our Credit Facility (see [Note 4](#) to the condensed consolidated financial statements for more detail).

Other expense for the first six months of 2023 was \$15.7 million and included approximately \$10.2 million of expenses associated with responding to certain defamatory statements published by certain parties, including those who are defendants to a lawsuit we filed on March 30, 2023. See Item 1 of Part II for further details on the lawsuit. This expense also includes approximately \$4.3 million of unfavorable non-cash fair value adjustments on our investment in Aevis and other investments marked to fair value during the first half of 2023. For the first six months of 2022, we had other income of \$16.8 million primarily from \$9.0 million of favorable adjustments on our investment in Aevis and other investments marked to fair value.

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 \$144.7 million income tax benefit for the six months ended June 30, 2023 is primarily based on the \$158 million benefit received by entering the United Kingdom REIT regime

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and a \$5.0 million tax benefit recognized in the first quarter of 2023 related to the expected sale of our Australia facilities. In comparison, we incurred \$22.0 million in income tax expense in the first six months of 2022.

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 \$93 million should be reflected against certain of our international and domestic net deferred tax assets at June 30, 2023. 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.

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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 six months ended March 31, 2023 June 30, 2023 and 2022 (amounts in (in thousands except per share data):

FFO information:	For the Three Months Ended		For the Three Months Ended		For the Six Months Ended	
	March 31, 2023	March 31, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income attributable to MPT common stockholders	32,79	631,6				
	\$ 4	\$ 81				
Net (loss) income attributable to MPT common stockholders			(42,0)	189,5	(9,24)	821,2
			\$ 37)	\$ 97	\$ 3)	\$ 78
Participating securities' share in earnings	(515)	(402)	(469)	(345)	(984)	(747)
Net income, less participating securities' share in earnings	32,27	631,2				
	\$ 9	\$ 79				
Net (loss) income, less participating securities' share in earnings			(42,5)	189,2	(10,2)	820,5
			\$ 06)	\$ 52	\$ 27)	\$ 31

Depreciation and amortization	101,9	99,45	382,2	101,9	484,2	201,4
	60	9	44	76	04	35
Gain on sale of real estate		(451,6		(16,3		(467,
	(62)	38)	(167)	55)	(229)	993)
Real estate impairment charges	52,10				52,10	
	4	—	—	—	4	—
Funds from operations	186,2	279,1	339,5	274,8	525,8	553,9
	\$ 81	\$ 00	\$ 71	\$ 73	\$ 52	\$ 73
Write-off (recovery) of unbilled rent and other	39,62		95,64		135,2	
	6	(2,271)	2	1,943	68	(328)
Other impairment charges	—	4,875	—	—	—	4,875
Litigation and other					10,22	
	7,726	—	2,502	—	8	—
Share-based compensation adjustments			(4,36		(4,36	
			3)	(966)	3)	(966)
Non-cash fair value adjustments						(8,96
	(4,121)	(8,023)	8,374	(943)	4,253	6)
Tax rate changes and other			(157,		(164,	
	(7,305)	—	230)	(825)	535)	(825)
Debt refinancing and unutilized financing costs	—	8,816	816	619	816	9,435
Normalized funds from operations	222,2	282,4	285,3	274,7	507,5	557,1
	\$ 07	\$ 97	\$ 12	\$ 01	\$ 19	\$ 98
Per diluted share data:						
Net income, less participating securities' share in earnings	\$ 0.05	\$ 1.05				
Net (loss) income, less participating securities' share in earnings			\$ (0.07)	\$ 0.32	\$ (0.02)	\$ 1.37
Depreciation and amortization	0.17	0.17	0.64	0.17	0.81	0.33
Gain on sale of real estate	—	(0.75)	—	(0.03)	—	(0.78)
Real estate impairment charges	0.09	—	—	—	0.09	—
Funds from operations	\$ 0.31	\$ 0.47	\$ 0.57	\$ 0.46	\$ 0.88	\$ 0.92
Write-off (recovery) of unbilled rent and other	0.07	—	0.16	—	0.23	—
Other impairment charges	—	—	—	—	—	—

Litigation and other	0.01	—	—	—	0.01	—
Share-based compensation adjustments			—	—	—	—
Non-cash fair value adjustments	(0.01)	(0.01)	0.01	—	—	(0.01)
Tax rate changes and other	(0.01)	—	(0.26)	—	(0.27)	—
Debt refinancing and unutilized financing costs	—	0.01	—	—	—	0.02
Normalized funds from operations	\$ 0.37	\$ 0.47	\$ 0.48	\$ 0.46	\$ 0.85	\$ 0.93

LIQUIDITY AND CAPITAL RESOURCES

2023 Cash Flow Activity

During the first **three** **six** months of 2023, we generated approximately **\$135.6 million** **\$212.2 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**) **on-hand and borrowings on our revolving credit facility** to fund our dividends of **\$176.6 million** **\$350.3 million**.

As described **In** **regard** to other investing and financing activities in the first six 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) received \$389 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, and CHF 60 million from the payoff of a loan by Infracore; and
- c) funded approximately \$230 million of new investments, including \$75 million to Prospect as part of its recapitalization plan that was implemented on May 23, 2023.

See [Note 3](#) and [Note 9](#) to the condensed consolidated financial statements for further details on the transactions above.

Subsequent to quarter-end, we expect to receive in 2023 proceeds received \$100 million from the Australia Transaction, the repurchase of three facilities by Prime, and the sale of three Prospect facilities. The proceeds from the Australia Transaction will be used properties to fully prepay our A\$1.2 billion term loan Prime. In addition, we agreed to participate in advance of its maturity in 2024, while the proceeds from the Prime Steward's syndicated four-year asset-backed credit facility and Prospect transactions will be used to partially pay down our revolving credit facility, funded approximately \$140 million.

Subsequent to March 31, 2023, we received \$100 million and expect to receive an additional \$50 million from Steward as a result of their sale of the Utah properties to CommonSpirit (as more fully described in [Note 10](#) to the condensed consolidated financial statements). In addition, we funded approximately \$105 million for the acquisition of seven properties described in [Note 10](#) to the condensed consolidated financial statements and expect to fund one additional property later in 2023.

2022 Cash Flow Activity

During the [2022 first quarter](#), half of 2022, we generated approximately \$179.4 million \$344.0 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 to fund our dividends of \$176.5 million and certain investment activities. \$350.5 million. During the [quarter](#), first six months of 2022, we received approximately \$1.3 billion \$1.8 billion of proceeds from disposals (including the Macquarie Transaction and obtained a 50% interest in the real estate partnership valued at approximately \$400 million (see [Note 3](#) to the condensed consolidated financial statements for further details). We used these proceeds to pay off our interim credit facility and pay down our revolving credit facility, with remaining proceeds used for new investments.

Short-term Liquidity Requirements:

At May 5, 2023, our liquidity approximates \$1 billion. We believe this liquidity, along with our current monthly cash receipts from rent and loan interest and regular distributions from our joint venture arrangements, is sufficient to fund our operations, dividends in order to comply with REIT requirements, our current firm commitments (including approximately \$130 million funding for the acquisition of eight properties disclosed in [Note 10](#) to the condensed consolidated financial statements along with capital additions and development projects), and debt service obligations for the next twelve months (including contractual interest payments and our December 2023 debt maturity of approximately \$500 million). If the sale of three Prospect facilities (as more fully described in [Note 9](#) to the condensed consolidated financial statements), along with the expected repurchase of the three Prime facilities in the third quarter of 2023 (as more fully described in [Note 3](#) to the condensed consolidated financial statements) are consummated as expected in 2023, we would have additional liquidity. We also expect to fully prepay our A\$1.2 billion term loan, with cash proceeds from the Australia Transaction (as more fully described in [Note 3](#) to the condensed consolidated financial statements), which we expect to be completed in two tranches during 2023.

Long-term Liquidity Requirements:

As of May 5, 2023, our liquidity approximates \$1 billion. We believe that this liquidity, along with monthly cash receipts from rent and loan interest (of which 99% of such leases and mortgage loans include escalation provisions that compound annually) and regular distributions from our joint venture arrangements, is sufficient to fund our operations, interest obligations, debt principal payments coming due in 2023, our current firm commitments, and dividends in order to comply with REIT requirements. We also expect to fully prepay our A\$1.2 billion term loan with cash proceeds from the Australia

Transaction (as more fully described in [Note 3](#) to the condensed consolidated financial statements), which we expect to be completed in two tranches during 2023.

However, in order to fund other debt maturities coming due in 2025 and beyond (as outlined below in our commitment schedule), to strategically refinance any existing debt in order to reduce interest rates, or to make any new investments, we may need to access one or a combination of the following sources of capital:

- strategic property sales or joint ventures (including the sale of three Prospect facilities as described in [Note 9](#) to the condensed consolidated financial statements and the repurchase of three facilities by Prime as described in [Note 3](#) to the condensed consolidated financial statements);. We used these proceeds, along with additional advances from our revolver, to pay off our interim credit facility, fund \$0.8 billion of new acquisitions, and make other investments. We exercised the \$500 million accordion feature to our revolving credit facility during the first six months of 2022 and extended the term on both the revolver and term loan portions of our Credit Facility - see [Note 4](#) to the condensed consolidated financial statements for additional details.

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 which we receive a return in the form of additional rent once completed. 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 increasing interest rates, loss of cash rent from Prospect for the time being, a bond maturing in December 2023 of approximately \$500 million, and a term loan maturing in May 2024 of approximately \$315 million, we have looked to other initiatives to improve cash flows including:

- completing the sale of the four remaining Australian properties that will generate proceeds of approximately \$315 million, which is currently expected to close by early fourth quarter of 2023,
- completing the binding sale of three Connecticut facilities to Yale New Haven that is expected to generate \$355 million and close before the end of 2023, and

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- implementing a REIT tax structure in the United Kingdom that we expect will result in \$2 million of quarterly tax savings.

With these initiatives, liquidity of approximately \$0.8 billion (including cash on-hand and availability under our revolving credit facility) at August 4, 2023, and routine cash receipts of rent and interest, we believe we can fund our short-term liquidity requirements.

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. At this time, we do not expect any material acquisitions of real estate in the foreseeable future; however, see below for our debt that is coming due over the next five years.

As described previously, our monthly rent and interest receipts and distributions from our joint venture arrangements along with our current liquidity of approximately \$0.8 billion at August 4, 2023, are typically enough to cover our short-term liquidity requirements. However, to address upcoming debt maturities or to make any new strategic investments, we may need to look to other sources, which may include one or a combination of the following:

- strategic property sales or joint ventures, including current binding commitments to sell four remaining Australian properties that will generate proceeds of approximately \$315 million and three Connecticut facilities that is expected to generate \$355 million,
- monetizing our investment in operators, including our investment in PHP Holdings,
- dividends, while still complying with REIT requirements,
- sale of equity securities; securities,
- new bank extending the maturity of existing term loans; loans,
- entering into new bank term loans or issuing new USD, EUR, or GBP denominated debt securities, including senior unsecured notes; and/or and
- entering into new secured loans on real estate.

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

INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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Principal payments due on our debt (which exclude the effects of any discounts, premiums, or debt issue costs recorded) as of **May 5, 2023** **August 4, 2023** are as follows (in thousands):

2023	\$ 505,440	\$ 509,960
2024	942,368	442,463
2025	1,435,470	1,442,730
2026	2,895,492	3,164,399
2027	1,600,000	1,600,000
Thereafter	3,400,421	3,411,155
Total	\$ 10,779,191	\$ 10,570,707

Contractual Commitments

We presented our contractual commitments in our 2022 Annual Report on Form 10-K. **There** Except for changes noted below, there have been no significant changes through **May 5, 2023** **August 4, 2023**. Excluded from this table is \$50 million of unused loan to Prospect as part of the Prospect Transaction discussed in [Note 3](#) to the condensed consolidated financial statements.

The following table updates our contractual commitments schedule for these updates as of August 4, 2023 (in thousands):

<u>Contractual</u>	2023(1)						There		
<u>Commitments</u>	)	2024	2025	2026	2027	after	Total		
Purchase obligations	159	235							
	,52	,83	27,9					423,	
	\$ 9	\$ 7	\$ 46	\$ —	\$ —	\$ —	\$ 312		
Revolving credit facility	40,	99,	99,9	6,35				1,76	
	816	959	59	0	—	—	7,08		
				312				4	
Australian term loan facility	3,5	,26						315,	
	92	2	—	—	—	—	854		

(1) This column represents obligations post August 4, 2023.

Distribution Policy

The table below is a summary of our distributions declared during the two year period ended **March 31, 2023** **June 30, 2023**:

Declaration Date	Record Date	Date of Distribution	Distribution	
			per Share	
February 16, 2023	March 16, 2023	April 13, 2023	\$ 0.29	
November 10, 2022	December 8, 2022	January 12, 2023	\$ 0.29	
August 18, 2022	September 15, 2022	October 13, 2022	\$ 0.29	
May 26, 2022	June 16, 2022	July 14, 2022	\$ 0.29	
February 17, 2022	March 17, 2022	April 14, 2022	\$ 0.29	
November 11, 2021	December 9, 2021	January 13, 2022	\$ 0.28	
August 19, 2021	September 16, 2021	October 14, 2021	\$ 0.28	
May 26, 2021	June 17, 2021	July 8, 2021	\$ 0.28	

On April 27, 2023, we announced that our Board of Directors declared a regular quarterly cash dividend of \$0.29 per share of common stock to be paid on July 13, 2023 to stockholders of record on June 15, 2023.

Declaration Date	Record Date	Date of Distribution	Distribution	
			per Share	
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	
August 18, 2022	September 15, 2022	October 13, 2022	\$ 0.29	
May 26, 2022	June 16, 2022	July 14, 2022	\$ 0.29	
February 17, 2022	March 17, 2022	April 14, 2022	\$ 0.29	

November 11, 2021	December 9, 2021	January 13, 2022	\$ 0.28
August 19, 2021	September 16, 2021	October 14, 2021	\$ 0.28

It is our policy to make sufficient cash 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 pay- 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.

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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.

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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 **March 31, 2023** **June 30, 2023**, our outstanding debt totaled **\$10.4** billion **\$10.2 billion**, which consisted of fixed-rate debt of approximately **\$9.2 billion** **\$8.8 billion** (after considering interest rate swaps in-place) and variable rate debt of **\$1.2 billion** **\$1.4 billion**. If market interest rates increase by 10%, the fair value of our debt at **March 31, 2023** **June 30, 2023** would decrease by approximately **\$239.5 million** **\$221.4 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 **\$7.2 million** **\$8.9 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 **\$7.2 million** **\$8.9 million** per year. This assumes that the average amount outstanding under our variable rate debt for a year is **\$1.2 billion** **\$1.4 billion**, the balance of such variable rate debt at **March 31, 2023** **June 30, 2023**.

Foreign Currency Sensitivity

With our investments in the United Kingdom, Germany, Spain, Italy, Portugal, Switzerland, Finland, Australia, and Colombia, we are subject to fluctuations in the British pound, euro, Swiss franc, Australian dollar, 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 (other than Australia as previously discussed in [Note 3](#) to the condensed consolidated financial statements), 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 2023 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		
	Net		FFO	Income	FFO	
	Income	Impact	Impact	Impact(1)	Impact	NFFO
	Impact	t	Impact	)	(1)	Impact
British pound (£)	10,043	19,1	18,67	9,91	25	25
Euro (€)	2,232	6,54	6,549	2,186	6,601	6,605
Swiss franc (CHF)	3,314	5,63	3,632	2,681	5,050	4,051
Colombian peso (COP)	1,298	1,363	1,368	1,368	1,435	1,435

(1) Excludes the approximate \$158 million one-time tax benefit in the second quarter of 2023 as a result of entering the United Kingdom REIT regime on July 1, 2023 (as discussed in further detail in [Note 5](#) to the condensed consolidated financial statements).

We have excluded the foreign currency sensitivity around Australian dollars in the table above due to the anticipated Australia Transaction as described in [Note 3](#) to the condensed consolidated financial statements.

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

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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.

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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.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

From time-to-time, we may become involved in legal proceedings arising in the ordinary course of our business. Except as set forth below, we are not currently a party to any material legal proceedings, and we are not aware of any pending or threatened legal proceeding against us that we believe could have an adverse effect on our business, operating results, or financial condition.

Securities Litigation

On April 12, 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-03070. The complaint sought class certification on behalf of purchasers of our common stock between March 1, 2022 and February 22, 2023 and alleged false and/or misleading statements and/or omissions resulted in artificially inflated prices for our common stock. The complaint sought unspecified damages including interest and an award of reasonable costs and expenses. On May 9, 2023, the plaintiff voluntarily dismissed this lawsuit.

On April 13, 2023, we and certain of our executives were named as defendants in a second putative federal securities class action lawsuit, also 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.

We believe these claims are without merit and intend to defend the remaining open case vigorously. We have not recorded a liability 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 compensatory 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.

The information contained in [Note 9](#) "Commitments and Contingencies" to the condensed consolidated financial statements is incorporated by reference into this Item 1.

Item 1A. Risk Factors.

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, 2022.

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

- (a) None.
- (b) Not applicable.
- (c) Stock repurchase:

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23	9	\$ 4	—	\$ 5		

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30,	.	0	
20	1	0	8
23	7	\$ 8	— \$ 5

(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.

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(2) On October 9, 2022, the board of directors of the Company authorized a stock repurchase plan for up to \$500 million of common stock, par value \$0.001 per share. The repurchase authorization expires October 10, 2023. No shares were repurchased under this plan during the 2023 **first** **second** quarter.

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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

39 During the three months ended June 30, 2023, 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).

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Item 6. Exhibits

Exhibit	Number	Description
	31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
	31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
	31.3*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
	31.4*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
	32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Medical Properties Trust, Inc.)
	32.2**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (MPT Operating Partnership, L.P.)

Exhibit XBRL Instance Document - the instance document does not
101.INS* appear in the Interactive Data File because its XBRL tags are
embedded within the Inline XBRL document.

Exhibit Inline XBRL Taxonomy Extension Schema Document
101.SCH*

Exhibit Inline XBRL Taxonomy Extension Calculation Linkbase
101.CAL* Document

Exhibit Inline XBRL Taxonomy Extension Definition Linkbase
101.DEF* Document

Exhibit Inline XBRL Taxonomy Extension Label Linkbase Document
101.LAB*

Exhibit Inline XBRL Taxonomy Extension Presentation Linkbase
101.PRE* Document

Exhibit Cover Page Interactive Data File (formatted as Inline XBRL
104* with applicable taxonomy extension information contained in
Exhibits 101.*)

* Filed herewith.

** Furnished herewith.

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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.**

B /s/ J. Kevin Hanna
y: _____

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: May 10, 2023 August 9, 2023

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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: **May 10, 2023** August 9, 2023 /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: **May 10, 2023** **August 9, 2023** /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: **May 10, 2023** **August 9, 2023** /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: May 10, 2023 August 9, 2023 /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 **March 31, 2023** **June 30, 2023** (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: **May 10, 2023** **August 9, 2023** /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 **March 31, 2023** **June 30, 2023** (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: **May 10, 2023** **August 9, 2023** /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.