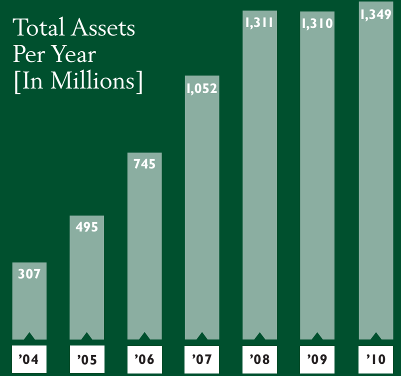
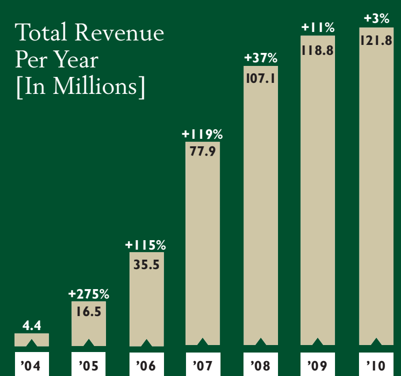
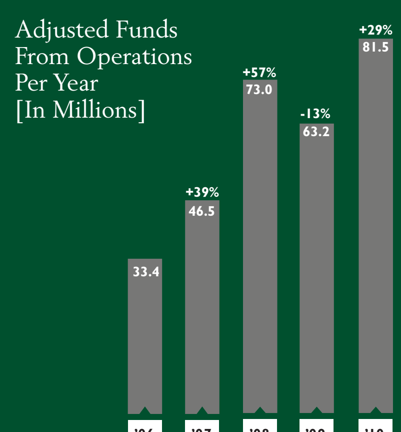
Enduring Vision

2010 Annual Report

Medical Properties Trust







The value of foresight.

[In Thousands] except for per share data	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006
Total assets	$ 1,348,814	$ 1,309,898	$ 1,311,373	$ 1,051,652	$ 744,747
Total revenue	$ 121,847	$ 118,809	$ 107,070	$ 77,887	$ 35,521
Net income attributable to MPT common stockholders	$ 22,913	$ 36,330	$ 32,700	$ 39,946	$ 29,998
Adjusted funds from operations	$ 81,483	$ 63,157	$ 73,002	$ 46,483	$ 33,360
Per diluted share amounts:					
Net income attributable to MPT common stockholders	$ 0.22	$ 0.45	$ 0.50	$ 0.80	$ 0.74
Adjusted funds from operations	$ 0.81	$ 0.81	$ 1.18	$ 0.97	$ 0.84
Dividends declared	$ 0.80	$ 0.80	$ 1.01	$ 1.08	$ 0.99

Refer to page 21 for the reconciliation of Non-GAAP Financial Measures.

2010 Annual Report

Medical Properties Trust

A Very Healthy Year

The year 2010 will be remembered as one of the most pivotal periods in the history of Medical Properties Trust, Inc. The steps we took during the year – carefully and on our own timetable – positioned the company for a new level of growth and success.

At the beginning of last year, most of the financial world was still struggling to survive "the Great Recession." MPT's carefully assembled portfolio, however, continued to thrive. Our properties as a whole showed improvement in all of the most important measures, such as lease coverages, profitability and utilization.

As noted in last year's report, we spent 2009 strengthening internal procedures, adding to our staff and preparing the company for its next phase of maturity. In 2010, we began a calculated return to a more aggressive level of acquisitions.

Through the years, we have carefully managed our balance sheet, and when the recession came, we didn't panic. Neither were we forced to refinance maturing debt in a credit market that demanded the highest interest rates in a generation. Instead, when the markets had recovered in early 2010, we were able to position the company to take advantage of one of the very best interest rate environments in recent history. Our performance during the depths of the recession and the strength of our assets attracted a number of new leading real estate lenders to our credit facilities.

Our goals for 2010 were to 1) significantly increase the size of our credit facility, 2) maintain our relationships with all of our existing lenders while adding new lenders to our syndicate, 3) minimize interest costs while extending our debt maturities, 4) greatly de-leverage the company, and 5) generate additional liquidity to take advantage of the many investment opportunities we were seeing in the market.

We accomplished all of these goals early in the second quarter, increasing our credit facility to $480 million, keeping all of our existing lenders and adding new lenders. We raised approximately $279 million in equity while reducing net debt to 22 percent of gross real estate assets.

We also extended the maturities on most of our debt to 2016, minimized our interest costs and, except for the new credit facility, fixed the rates on all of our long-term debt.

These strategic transactions provided MPT with almost half a billion dollars in liquidity.

With this successful recapitalization behind us, we turned our attention once again to acquisitions. By the end of the year, we had committed to invest $213 million in six new properties, exceeding our stated target by 42 percent. These investments – all with new tenants – further diversified our tenant base, geographic footprint and, more importantly, lowered our risk exposure. As of December 31, no single property represented more than 7 percent of MPT's total assets.

During the first quarter of 2011, we accelerated our investment activity, adding $175 million in four properties from New Jersey to California.

During 2010, we also made our first investment under the REIT Investment Diversification and Empowerment Act, or "RIDEA." This federal tax legislation gives healthcare REITs the opportunity to make limited investments in their tenants.

When we formed MPT in 2003, our business plan included strategies to earn incremental income – in addition to our lease income – based on our unique knowledge of the healthcare industry. Since our first acquisition in 2004, we have provided such incremental returns to our shareholders through carefully crafted transactions. Now, with the passage of the RIDEA legislation, MPT expects to create additional returns beyond our already attractive returns from real estate.

As I reflect on the incredible achievements of Medical Properties Trust in 2010, I am proud to report that it was a very healthy year and that our company continues to perform at exceptional levels.

We are excited about the prospects for continued growth as we endeavor to strengthen an already strong company. And we are pleased to remain the nation's leading source of capital financing for hospitals.

Sincerely,

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

PRUDENCE, PATIENCE *and* PERFORMANCE

THE YEAR 2010 TURNED OUT TO BE ONE OF THE BEST years in Medical Properties Trust's history, not in terms of acquiring more hospital properties than ever before (it didn't), but because the company continued to follow – and prove the merits of – its time-tested business plan. MPT invested approximately $200 million in six new facilities and added two new highly respected hospital operators to its growing portfolio.

And with impeccable timing, this eight-year old hospital REIT restructured its line of credit – more than doubling its size and adding additional lenders. At the same time, MPT significantly increased its arsenal of financial resources available for new opportunities and new tenants to be funded during 2011 – some of which the company's expanded underwriting team had identified and completed most of its due diligence on before the new year dawned.

"We knew we had done a very good job of positioning our portfolio before the downturn, even though we didn't know how bad the recession would get. But we were prepared for it and we took prudent steps according to our own timetable to ensure that MPT remained strong," said Edward K. Aldag, Jr., MPT's Chairman, President and CEO. He credits decades of real estate and healthcare experience and six years of careful planning for enabling the company to refinance its debt on the company's own terms, including extending future maturities to 2016, and continuing to diversify MPT's already strong portfolio.

As the only healthcare REIT to concentrate exclusively on the acquisition of hospital properties across the nation, Medical Properties Trust closed the year 2010 with more than $1.3 billion in total assets and 53 strategically selected facilities. These include general acute care hospitals, long-term acute care facilities and rehabilitation hospitals in 21 states leased to 16 different hospital operating companies.

MPT is a self-advised hospital REIT that provides capital – representing as much as 100 percent of a property's value – to hospital operators who then reinvest this "unlocked" real estate capital back into their facilities. By channeling the funds into everything from technology upgrades and staff additions to facility improvements and even new construction, operators are then better able to deliver more efficient, cost-effective healthcare without sacrificing the quality of patient care.

By keeping careful preparations for the acquisition of additional hospital properties at the epicenter of the company's operations in 2010, MPT's management team astutely positioned the firm to capitalize on a robust pipeline of potential acquisitions, including deals worth a combined $87 million in January 2011, alone. Properties worth at least another $88 million were also flowing through the pipeline, poised for purchase during the first quarter.

Aldag attributes the company's ongoing success to prudence, patience and three simple priorities undergirding MPT's performance:

- Carefully managing the balance sheet;
- Carefully nurturing relationships with both lending partners and astute healthcare operators; and
- Continuing to recruit new tenants with proven records of strong performance in good times and challenging times.





R. Steven Hamner, the company's Executive Vice President and Chief Financial Officer, described the attitude of the entire company during the credit crisis, "We were well prepared for a down turn and there was no reason to panic."

At MPT, the Sky Was Not Falling

Medical Properties Trust refinanced a substantial portion of its debt in 2010, resulting in balance sheet leverage of 22 percent and liquidity of approximately $500 million available for investment in the last two quarters of the year.

"We didn't let outside forces convince us to do things differently," Aldag said. "We did it slow, and we did it right."

By managing the firm's balance sheet far enough in advance to avoid getting caught in a cash-flow crunch, MPT was able to bide its time during the worst of the national recession and then "turn the acquisition faucet back on" when the time was right.

"WE CAME THROUGH THE DARK DAYS OF 2008 AND 2009 *and we continued to build.*"

MPT's management team actually began preparing for the uptick of 2010 acquisition activity during the height of the 2009 credit crisis. By making a conscious decision to maintain contact with its lenders and keep them informed, the company was able to focus and sustain positive attention on its remarkable performance during the downturn – performance that stood out in stark, positive contrast to so many others who were continuing to struggle.

"We kept in frequent contact, and met with all the participants of our credit facility, not to warn our bankers about something bad that we thought might happen down the road, but to let them know just how well things were going at MPT," Aldag said.

The result was the successful recapitalization of the balance sheet in the spring of 2010, the backing of additional banks, and access to as much as $500 million in capital to put to work whenever the deals and the timing were right.

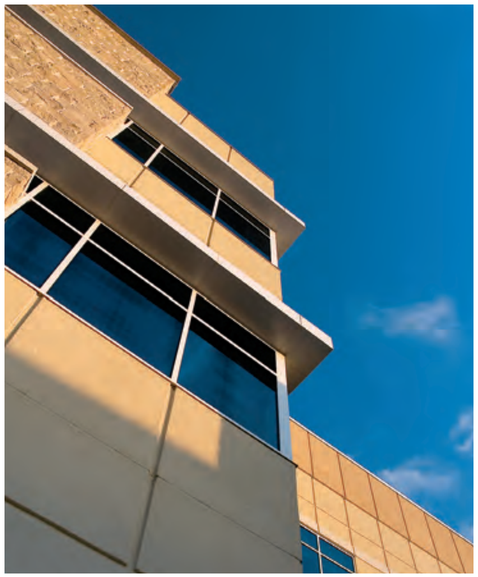
"We came through the dark days of 2008 and 2009, and we continued to build," Hamner added. "We weren't bringing problems to our bankers. We were keeping them informed, and the news was positive. So when the time to start talking about accessing additional capital did arise, we had already laid the groundwork for that."

Like a Seasoned Recruiter, MPT Continues to Attract Tenants That Become Healthcare Stars

MPT's financial performance repeatedly validates the firm's proven mechanism for selecting the right operators, a formula that includes a unique blend of real estate and healthcare expertise, rigorous due diligence procedures, and the laser-like focus that MPT's management team maintains on following the company's proven business model.

That mechanism – unique to healthcare real estate investing – effectively insulated MPT in 2010 from outside market forces, allowing the company to hand-pick deals that enhanced its credit profile.

Managing Director of Asset Management Steve King measures the strength of MPT's portfolio in three ways:



• First, how well the individual facilities perform and continue to demonstrate their ability to cover MPT's rent at a high coverage multiple;

• Second, how much various credit enhancements add to the tenant relationship with MPT and protect MPT investors; and

• Third, how diverse the overall portfolio is on a property-by-property basis.

"WE'RE NOT DRIVING OPERATIONS AT OUR FACILITIES, *we're investing in them.*"

Consider, for instance, that on a portfolio-wide basis, the average lease coverage ratio exceeds five times the total lease payments while the typical rent coverages achieved in other healthcare REIT sectors range from only 1.25 to 1.75 times. These much larger margins give operators of MPT facilities greater flexibility in meeting their rent obligations and add strength to their financial foundation.

"We underwrite each investment in terms of its strength of operations, management and operator experience as well as its overall market fundamentals," King explained. "Presently, no individual property comprises more than 7 percent of MPT's overall portfolio."

Of course, it's no surprise to the MPT management team that the facilities they invest in tend to outperform competitors. They purposefully choose proven operators who know how to streamline operations and boost profit margins.

Turning the Pipeline Back on with Prudent, Well-Timed Acquisitions

When considering a potential acquisition, Medical Properties Trust's underwriting and asset management team looks closely at three main criteria:

1. The market – Does the community need the hospital? Are the competitive opportunities good? Is the market growing?

2. The level of physician support – Are the doctors well qualified and well respected? Are they happy with the facility and the support staff? Are they referring most of their patients there?

3. The proven track record of the hospital operator – Are their operations streamlined and efficient? Are they systematically investing in new technology? Have they demonstrated their ability to adapt to ever changing market conditions, government regulations and reimbursement plans?

Only when all the answers are positive does Medical Properties Trust step forward with the capital needed for these facilities to remain viable and progressive.

That certainly was the case in 2010 with the

acquisition of three long-term acute care hospitals from publicly-traded RehabCare, a name well known in the post-acute care hospital industry, and three rehabilitation hospitals from Reliant Heathcare, a newer private company quickly making a name for itself.

Two of the RehabCare properties are in high growth areas of Texas – Triumph Hospital Clear Lake, a 110-bed LTAC in North Houston, and Triumph Hospital Tomball, an 85-bed LTAC in South Houston. The third RehabCare property is Northland LTAC Hospital, a 35-bed facility in Kansas City, Missouri.

"These are very attractive facilities in highly desirable markets," said Steve King, "and they have earned the confidence of the doctors they serve for the high quality of patient care they deliver. The parent company, RehabCare, is a solid operator with a national reputation and great credit strengths."

Reliant Healthcare, the other operator new to MPT's portfolio in 2010, is a relatively young company formed in 2006 by a team of executives long on experience in operating rehabilitation hospitals. The three Reliant facilities MPT acquired were all completed in the last three years and all are in growing metropolitan areas – Reliant Rehabilitation Hospital of Central Texas in Austin, Reliant Rehabilitation Hospital of North Texas in Dallas, and Reliant Rehabilitation Hospital of North Houston.

"These hospitals are absolutely beautiful," said King. "When families walk in they are impressed by the look and feel of the design and by the spacious corridors. They are also impressed by the physicians Reliant recruited to each of these facilities, who rank among the leading doctors in each of their respective communities."

"We interviewed many doctors in our underwriting process," he added, "and it became very clear to us that these physicians not only understand what drives high quality healthcare, but they also are delivering it. With the support of good nurses and a strong support staff, they are achieving patient outcomes that are superior in the industry."

The challenge for Medical Properties Trust in 2010, according to CFO Steve Hamner, was to prove once again the value of the company's hospital-focused business model and that the pipeline of property acquisitions could be turned back on in the wake of what many are calling "the Great Recession."

"With the acquisition of these six hospitals

and the careful underwriting that paved the way for even more during the first quarter of 2011, we not only proved we could restart our economic engine," Hamner said, "but we did so aggressively and with tremendous success."

"We're not driving operations at our facilities, we're investing in them," King said. "But in underwriting and choosing each deal, we're looking closely at market fundamentals and the expertise of our operators – meaning their background and judgment. When those seasoned operators execute on their plans, then we've got a homerun."

While nothing in life is a sure bet, King said MPT finds ideal acquisition targets in good markets with strong, competitive fundamentals, lots of physician support and good operators.

That's where MPT's expertise shines – maintaining a rigorous underwriting process that continually weeds out underperforming operators. Hamner said it's undesirable but certainly not unheard of for the company's asset management and underwriting department to walk away from a deal even after investing as much as $100,000 in due diligence – if the fit is not right.

"With healthcare regulations changing on a seemingly daily basis, MPT simply cannot afford to select anything but the strongest operators," Hamner explained, "because the company's long-term portfolio performance depends upon it."

Taking the Pulse of Healthcare Reform

If you're wondering where the national debate on healthcare reform is headed, talk to Tom Schultz, who monitors it every day for officers and employees of MPT.

He's not a healthcare administrator, doctor or lobbyist, but odds are he understands what they are concerned about as well as anyone in the country.

Schultz is the Director of Healthcare for Medical Properties Trust who spends his days discerning the latest economic, regulatory and other healthcare developments around the nation. And he's become a catalyst for ongoing discussions throughout the company.

When Ed Aldag put the company together, he envisioned that MPT would be more than just a real estate company – it would be a healthcare company specializing in hospitals, helping them survive and making them better.

That's why MPT employs professionals like Tom, dedicated to tracking national, state and local initiatives as well as changes, opportunities and threats in the healthcare field.

"Proposed changes to Medicare reimbursement rules and new regulations governing patient admissions have been major discussion points for us," said Rosa Hooper, MPT's Director of Underwriting and Asset Management. "When it's a big issue like that, we may all come to the table to discuss it."

On another issue more specific to one of the properties Hooper is responsible for, Schultz may drop by her office to make sure she's up to date on everything.

"To have somebody monitor all this on a

daily basis is very, very helpful,” she said.

Schultz and the MPT team not only monitor the back-and-forth debate about healthcare reform, they also maintain constant watch over emerging technologies that could improve the delivery of healthcare. To these unfolding trends and opportunities he brings rare perspective.

Armed with a Master’s degree in hospital administration, Schultz began his career as the very first Administrative Fellow at Massachusetts General Hospital, the highly respected 1,000-bed facility in Boston and the teaching arm of Harvard University Medical School.

He later worked as a strategic planning consultant in the healthcare field, and then as senior vice president of planning and marketing for a private, 10-hospital health system.

Schultz came to MPT in 2004 when the company was in its infancy to work in underwriting and asset management, helping MPT carefully choose properties for acquisition and then providing special guidance to those clients.

Two years ago, as the healthcare reform debate was heating up, MPT’s CEO Ed Aldag asked Schultz to devote most of his time to monitoring it. The main assignment: to keep MPT and its clients engaged in the discussion and ready to respond to new challenges from legislative or regulatory changes.

How does the company keep up with the veritable deluge of information?

“We read and read and then we read some more,” Schultz said. “It’s not unusual for us to digest information from four or five major newspapers a day. And we monitor the most important health journals and periodicals.”

“We monitor it daily,” Schultz observed. “The whole company talks about it.”

Schultz and MPT’s senior executives also follow reports from major accounting and consulting firms, and they talk regularly among themselves about what they learn.

Schultz distills their findings into a written summary published every Friday, the *MPT Weekly Healthcare Report*, which is distributed throughout the company. And the discussions it spawns “influences everything that we do,” said Aldag.

“This information is incredibly valuable – to our company and to our clients,” Aldag explained. “It influences how we underwrite and manage assets, how we evaluate the revenue stream that our properties are generating and how that may be affected by new legislation or regulations.”

MPT’s tenants benefit from the information because the company shares it with them.

“As we tell new tenants whenever MPT makes an acquisition, we aren’t investing in a property and then walking away. We are there to help them day by day with timely information and targeted insight,” Hooper noted.

“We want our clients to achieve such success that there is no question about their ability to pay our rent and sharing our knowledge with them can only help them,” she added. “They probably don’t get that kind of ongoing support from a traditional lender, but they do get it from MPT.”

Only the Very Strong Hospital Operators Are Likely to Thrive

Because only the very strong hospital operators are likely to thrive despite the many challenges of today's and tomorrow's healthcare environment, MPT's depth of experience becomes vital. As conditions fluctuate, the proven operators who remain abreast of the perpetually evolving regulatory landscape will continue capturing the company's attention.

"We always look at who's managing the business because management quality is critical," explained Emmett McLean, MPT's Executive Vice President and Chief Operating Officer. "There will be challenges, but when you're dealing with top-notch individuals, you can work through them – and that creates a positive outcome for everyone."

That's also why the MPT management team places such high priority on continually tracking developments in healthcare reform. Because even a small change in the law can mean big changes for a tenant.

"Operators who aren't doing well today probably won't do well – or may do worse – under healthcare reform," King said. "Hospitals that have figured out how to work efficiencies into their operations and how to manage operating margins in a difficult environment should continue to do well tomorrow."

But there's really so much more to MPT's success in 2010 than what's found in the year-end reports.

The sheer volume of due diligence the company conducted in the latter half of 2010 yielded more than half the company's transactions for the year and set the stage for a pivotal 2011 by positioning the portfolio for growth and diversification in the first quarter of 2011, and beyond.

A Strong Portfolio Gets Stronger Through Disciplined Investing

In the world of real estate investing, success comes from knowing exactly what you're doing. Add healthcare to the investment equation, and you need to know even more.

Even savvy investors who understand real estate, but don't understand the nuances of the hospital market, can be perplexed. That's where Medical Properties Trust's deep experience comes in – to sort out profitable opportunities. The properties MPT purchased during 2010 stand as shining testaments to the company's proven process of disciplined investing.

"The bottom line is that we have created an investment structure that's profitable and sustainable," said Steve Hamner, MPT's Executive Vice President and Chief Financial Officer. "And now we have opportunities to evaluate most of the hospital real estate transactions that occur in any given year."

Hamner points to MPT's robust underwriting process that screens out more deals than the company would ever choose to close, because the company doesn't make a move until all of the fundamentals are right. Absolutely right.

"Our job is to assess the risk and to get the best possible return for our shareholders," added Emmett McLean, the company's Executive Vice President and Chief Operating Officer.

"In underwriting and choosing the deal, we're looking at fundamentals in the market. We're examining the mix of services offered by the facility and the operator – the actual people and their backgrounds – and then making a judgment," explained Steve King, MPT's Managing Director of Asset Management.

"We do the customary real estate due diligence, but what Medical Properties Trust really brings to the table is all of our experience in healthcare," said King, who has worked in hospital finance and operations management for more than two decades.

"I'm not really a real estate guy – I'm a healthcare guy," King explained, "and I've

"We have created an investment structure, that's profitable and sustainable..."

worked with a lot of good operators. So I know the characteristics of a strong operator and the metrics that must be in place to drive success – and that's true of our entire team. We've also worked with many successful doctors and we understand their needs and their personalities from direct experience."

The most stimulating part of his job, he said, is when the team comes together after all have done their homework on a potential acquisition, to compare detailed notes and analyses. "We have very open, give and take exchanges that add value from many perspectives – and when we finally decide to do a particular deal, it's because it ultimately makes sense."

"The exciting thing about 2010 was being back in the market investing in some very nice assets," King observed, "but there is a big difference in closing on deals and doing the tremendous amount of underwriting behind the scenes."

"Our investors see the results of our acquisitions, such as better earnings and dividends, but behind all that is a careful process that ultimately creates sustained financial results – getting inside the minds of potential tenants and figuring out whether it's a good acquisition for us or not."

"When you look at the acquisitions MPT made in 2010, you see that all were done with strong new tenants — RehabCare and Reliant Healthcare," Hamner noted. "This was part of a conscious plan to diversify our portfolio geographically and by operator, and to enhance the long-term stability of our earnings."

"What matters going forward is that we have put a mechanism in place to continue making hundreds of millions of dollars of investments each year," Hamner said, "and it's all based on MPT's proven ability to consistently pick the right markets and the right operators."

The Right People in Place

"You're only effective if you have experienced individuals assisting you with your goals," McLean said, noting that several key internal hires in 2009 proved worth the painstaking vetting process.

"We've been able to get things done because we have the right people in place, and we've identified where we need to stay abreast of the company's future growth," he said. "Because of that, we've been able to effectively underwrite projects and effectively manage all of our properties."

As part of its successful business model, MPT shares with its operators what the MPT team has learned from collective decades of healthcare management, finance and operations experience – to boost efficiency and profits for both tenant and landlord. "We're able to identify things that make their businesses better," McLean said.

The true test of 2010, however, was proving the validity of MPT's innovative business model in the midst of a national recession, and MPT passed that test with flying colors.

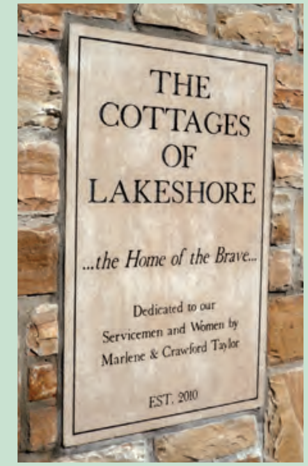
The Home of the Brave…

This is where the heroes come – some on one leg, some on two, others on none at all.

They are the brave volunteers who stepped forward when their country called to fight the difficult wars in Afghanistan and Iraq, only to have their legs – quite literally in far too many cases – cut right out from under them.

This is where the seriously injured service members come with their families – mothers and fathers, sisters and brothers, and children – all of whom have been changed forever by faceless roadside bombs and other terrible weapons of individual destruction half a world away.

This is the "Home of the Brave" – the Cottages of Lakeshore – built high on a hill above Lakeshore Rehabilitation Hospital in Birmingham, Alabama, with every need of disabled veterans in mind. Here they find 10 brand new residential units completely accessible to those in wheelchairs or on crutches. And right in the center of things stands an attractive arbor with an outdoor fireplace and grilling patio – a gift from Medical Properties Trust – where the veterans and their families can gather informally and get to know and support each other.



"These cottages are going to make a huge difference for veterans and their families in terms of their recovery."

This idea for this special cottage community sparked in the mind of Kathy Mouron after reading a newspaper article about the work of the Lakeshore Foundation, which helps injured veterans regain healthy, independent lives through recreation and sports. Kathy's husband Mike serves as president of Capstone Development Corporation, a firm that develops student housing projects at major universities.

One of Capstone's most successful ventures is its cottage units, and Kathy knew that Mike's company was looking for a way to make a difference in a worthy cause. She urged Mike to call Foundation President Jeff Underwood – and "Operation Lakeshore" was born.

When Underwood learned of the offer to build an entire cottage community for veterans free of charge, he was stunned. Lakeshore had developed special programs for injured military a few years earlier and a housing component for their families was the final piece of the puzzle. Here families could support their disabled service members, recreate with them, and meet and share experiences with other families facing the same challenges.

Thirty months and $2.3 million later – all contributed by hundreds of individuals and dozens of partnering companies including Medical Properties Trust – the puzzle was complete. And the Cottages of Lakeshore were fittingly dedicated on November 11, 2010 – National Veterans' Day.

"These cottages are going to make a huge difference for veterans and their families in terms of their recovery," said Rory Dunn at the grand opening ceremony. He had been critically injured in Iraq, losing an eye, hearing in one ear, and 80 percent of the frontal lobe of his brain.

"The most important thing as a service member is my family," explained Dunn, a retired Army specialist. "Family is a big support factor." After multiple surgeries and seven years of rehabilitation, Rory now leads an active life and,

…in the Land of the Free

Year After Year, MPT's Strong and Diversified Portfolio Continues to Perform Very Well

Today, both investors and hospital operators can clearly see the increasing value of MPT's foresight in the stability of its leaseback model and in the yields the company achieves, which consistently rank among the highest in the healthcare REIT industry. Add to that the substantial dividends the company pays, and investors find a clear winner in Medical Properties Trust.

In perfecting this model, MPT has crafted a unique mechanism that it deploys deal after successful deal thanks to an experienced staff in place. The result is a strong and diversified portfolio that performs well in good times and bad, and a value proposition that centers on a significantly lower cost of capital.

"It's one thing to say you're going to do something. It's another to get it done," McLean observed. "We have a strong company with a very clear focus and have performed well year after year. That's why people invest in us."

"Our achievements in 2010 show we had the foresight to position the company to take advantage of the opportunities available," he added.

Affirming That the Business Model Works Even 'When the World Falls Apart'

The challenge in 2010, Hamner said, was proving to both investors and potential tenants that the business model works, and MPT delivered for the seventh consecutive year.

"We had to prove that the plan our team created and executed very well until the world fell apart in 2007, could be restarted," Hamner said.

"The challenge was to affirm that we could come through the recession and reboot," he added.

"Not only did we do it, we did it aggressively and with tremendous success."

with his mother, advocates for better veterans' care and expanded programs.

"We talk about his success story because it shows what can happen when the best treatment, the appropriate treatment is given at the right time," said his mother, Cynthia Lefever. "He goes fishing and hunting, skiing and skydiving, and he also volunteers and hangs out with his friends. If it wasn't for the black patch that he wears over his missing eye, you would never know that Rory had been to Iraq and was catastrophically injured."

The Lakeshore Foundation treats disabilities of all types and offers special rehabilitation and sports programs to injured veterans. Since launching its military program in 2006, the Foundation has served more than 600 veterans injured in Iraq and Afghanistan.

"When we started our military initiative, we decided that we weren't going to let the expense be a barrier to participation," explained Underwood. "From the time an injured service member leaves home, we're basically taking care of them. If they have to fly here, we're paying for their trip. If they're driving, we're paying those expenses. We don't want anyone to think they can't afford to come here."

"So corporate contributions aren't just nice,

they're essential," he explained. "It's great that companies like Medical Properties Trust are supporting us, but really and truly they are supporting the men and women who participate in the program."

The Lakeshore Foundation has served more than 600 veterans injured in Iraq and Afghanistan.

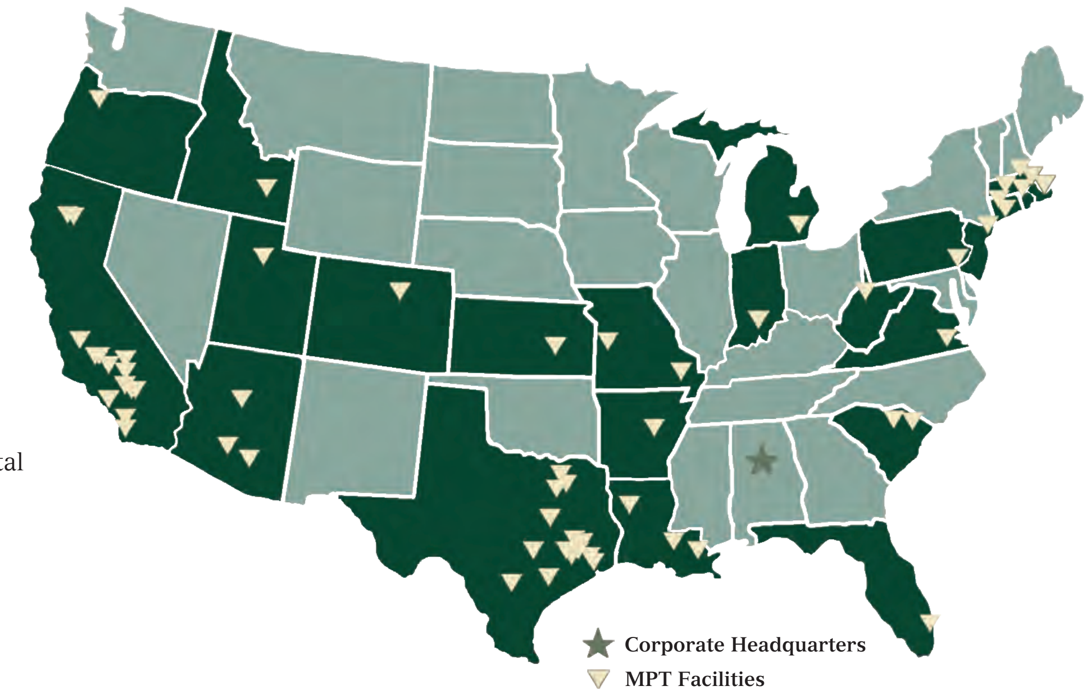
MPT Chairman Ed Aldag acknowledged that purpose in a letter addressed to all veterans and injured service members who receive care at Lakeshore, and to their families.

"Thank you for stepping forward to preserve the freedoms that each of us enjoys today and that your efforts have ensured for many tomorrows," Aldag said on behalf of the company. "What you have done for us – and for so many others who may never have the privilege of meeting you face to face – can never be forgotten."

For more information about Operation Lakeshore and to support this special program for veterans and injured service members, visit www.lakeshore.org. A few cottage-naming opportunities remain and other contributions will fund continued programming.

Current Portfolio

As of March 1, 2011, Medical Properties Trust's portfolio included 58 facilities in 22 states representing an investment of approximately $1.4 billion.



Investing in the Future of Healthcare

Medical Properties Trust provides stockholders an opportunity to earn attractive returns from profitable hospital facilities across the nation and participate in the continuing growth of the largest sector of the U.S. economy.

Arizona

Cornerstone Hospital of Southeast Arizona
Tucson, Arizona

Florence Hospital at Anthem
Florence, Arizona

Gilbert Hospital
Gilbert, Arizona

Arkansas

HealthSouth Rehabilitation Hospital of Fayetteville
Fayetteville, Arkansas

California

Alvarado Hospital
San Diego, California

Chino Valley Medical Center
Chino, California

Desert Valley Hospital
Victorville, California

Garden Grove Medical Center and Medical Office Building
Garden Grove, California

Huntington Beach Hospital
Huntington Beach, California

La Palma Intercommunity Hospital
La Palma, California

Northern California Rehabilitation Hospital
Redding, California

Paradise Valley Hospital
San Diego, California

San Dimas Community Hospital and Medical Office Building
San Dimas, California

Shasta Regional Medical Center
Redding, California

Sherman Oaks Hospital
Sherman Oaks, California

West Anaheim Medical Center
Anaheim, California

Colorado

North Valley Rehabilitation Hospital
Thornton, Colorado

Connecticut

Healthtrax Wellness Center
Bristol, Connecticut

Healthtrax Wellness Center
Enfield, Connecticut

Healthtrax Wellness Center
Newington, Connecticut

Florida

Sunrise Rehabilitation Hospital
Fort Lauderdale, Florida

Idaho

Mountain View Hospital
Idaho Falls, Idaho

Indiana

Monroe Hospital
Bloomington, Indiana

Kansas

Wesley Rehabilitation Hospital
Wichita, Kansas

Louisiana

Cornerstone Hospital of Bossier City
Bossier City, Louisiana

North Shore Specialty Hospital
Covington, Louisiana

Long -Term Acute Care Hospital of Denham Springs
Denham Springs, Louisiana

Massachusetts

Healthtrax Wellness Center
West Springfield, Massachusetts

New Bedford Rehabilitation Hospital
New Bedford, Massachusetts

Michigan

Vibra Hospital of Southeastern Michigan
Lincoln Park, Michigan

Missouri

Triumph Northland LTAC Hospital
Kansas City, Missouri

Poplar Bluff Medical Center – North
Poplar Bluff, Missouri

New Jersey

Bayonne Medical Center
Bayonne, New Jersey

Oregon

Vibra Specialty Hospital of Portland
Portland, Oregon

Pennsylvania

Bucks County Specialty Hospital
Bensalem Township, Pennsylvania

Rhode Island

Healthtrax Wellness Center
East Providence, Rhode Island

Healthtrax Wellness Center
Warwick, Rhode Island

South Carolina

Chesterfield General Hospital
Cheraw, South Carolina

Marlboro Park Hospital
Bennettsville, South Carolina

Texas

Atrium Medical Center
Corinth, Texas

Cornerstone Hospital of Houston – Clear Lake
Webster, Texas

Hill Regional Hospital
Hillsboro, Texas

North Cypress Medical Center
Houston, Texas

Triumph Hospital Clear Lake
Webster, Texas

Triumph Hospital Tomball
Tomball, Texas

Reliant Rehabilitation Hospital Central Texas
Round Rock, Texas

Reliant Rehabilitation Hospital North Houston
Shenandoah, Texas

Reliant Rehabilitation Hospital North Texas
Richardson, Texas

River Oaks Medical Center
Houston, Texas

Warm Springs Rehabilitation Hospital of San Antonio
San Antonio, Texas

Vibra Specialty Hospital of Dallas
Dallas, Texas

Warm Springs Specialty Hospital of Victoria
Victoria, Texas

Warm Springs Specialty Hospital of Luling
Luling, Texas

Utah

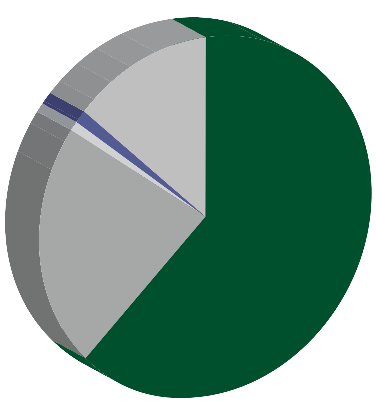
Pioneer Valley Hospital
West Valley City, Utah

Virginia

HealthSouth Rehabilitation Hospital of Petersburg
Petersburg, Virginia

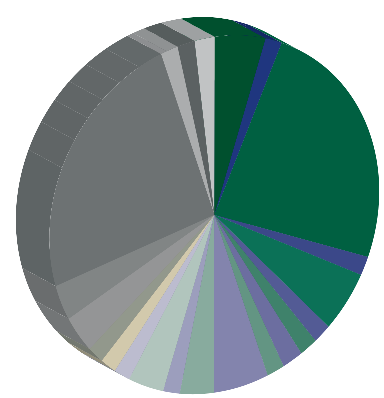
West Virginia

Mountain View Regional Rehabilitation Hospital
Morgantown, West Virginia



Facilities by Type:

- 63% Acute Care Hospitals
- 22% Long-Term Acute Care Hospitals
- 13% Inpatient Rehabilitation Hospitals
- 1% Medical Office Buildings
- 1% Other



Number of Facilities by State:

3	Arizona
1	Arkansas
14	California
1	Colorado
3	Connecticut
1	Florida
1	Idaho
1	Indiana
1	Kansas
3	Louisiana
2	Massachusetts
1	Michigan
2	Missouri
1	New Jersey
1	Oregon
1	Pennsylvania
2	Rhode Island
2	South Carolina
14	Texas
1	Utah
1	Virginia
1	West Virginia

Selected Financial Data

The following table sets forth selected financial and operating information on a historical basis for each of the five years ended December 31:

[In Thousands, except per share amounts]	For the Year Ended December 31, 2010(1)	For the Year Ended December 31, 2009(1)	For the Year Ended December 31, 2008(1)	For the Year Ended December 31, 2007(1)	For the Year Ended December 31, 2006(1)
OPERATING DATA					
Total revenue	$ 121,847	$ 118,809	$ 107,070	$ 77,887	$ 35,521
Depreciation and amortization	(24,486)	(22,628)	(22,385)	(9,314)	(4,226)
Property-related and general and administrative expenses	(32,942)	(24,898)	(23,757)	(15,678)	(10,079)
Loan impairment charge	(12,000)	—	—	—	—
Interest and other income	1,518	43	86	364	515
Debt refinancing costs	(6,716)	—	—	—	—
Interest expense	(33,993)	(37,656)	(42,424)	(29,527)	(4,580)
Income from continuing operations	$ 13,228	$ 33,670	$ 18,590	$ 23,732	$ 17,151
Income from discontinued operations	9,784	2,697	14,143	16,518	12,983
Net income	$ 23,012	$ 36,367	$ 32,733	$ 40,250	$ 30,134
Net income attributable to non-controlling interests	(99)	(37)	(33)	(304)	(136)
Net income attributable to MPT common stockholders	$ 22,913	$ 36,330	$ 32,700	$ 39,946	$ 29,998
Income from continuing operations attributable to MPT common stockholders per diluted share	$ 0.12	$ 0.41	$ 0.27	$ 0.46	$ 0.42
Income from discontinued operations attributable to MPT common stockholders per diluted share	0.10	0.04	0.23	0.34	0.32
Net income attributable to MPT common stockholders per diluted share	$ 0.22	$ 0.45	$ 0.50	$ 0.80	$ 0.74
Weighted average number of common shares — diluted	100,708	78,117	62,035	47,805	39,560
OTHER DATA					
Dividends declared per common share	$ 0.80	$ 0.80	$ 1.01	$ 1.08	$ 0.99
BALANCE SHEET DATA	December 31, 2010(1)	December 31, 2009(1)	December 31, 2008(1)	December 31, 2007(1)	December 31, 2006(1)
Real estate assets — at cost	$ 1,032,369	$ 976,271	$ 992,549	$ 648,723	$ 557,913
Other loans and investments	215,985	311,006	293,523	265,758	150,173
Cash and equivalents	98,408	15,307	11,748	94,215	4,103
Total assets	1,348,814	1,309,898	1,311,373	1,051,652	744,747
Debt, net	369,970	576,678	630,557	474,388	297,530
Other liabilities	79,268	61,645	54,473	57,937	95,022
Total Medical Properties Trust, Inc. Stockholders' Equity	899,462	671,445	626,100	519,250	351,144
Non-controlling interests	114	130	243	77	1,052
Total equity	899,576	671,575	626,343	519,327	352,196
Total liabilities and equity	1,348,814	1,309,898	1,311,373	1,051,652	744,747

(1) We invested $158.4 million, $15.6 million, $469.5 million, $342.0 million, and $303.4 million in real estate in 2010, 2009, 2008, 2007, and 2006, respectively. The results of operations resulting from these investments are reflected in our consolidated financial statements from the dates invested. See Note 3 to the consolidated financial statements included in this Annual Report for further information on acquisitions of real estate, new loans, and other investments. We funded these investments generally from issuing common stock, utilizing additional amounts of our revolving facility, incurring additional debt, or from the sale of facilities. See Notes 4, 9, and 11 to the consolidated financial statements included in this Annual Report for further information regarding our debt, common stock and discontinued operations, respectively.

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of Adjusted Funds from Operations - AFFO to net income attributable to MPT common stockholders (amounts in thousands except per share data):

	For the Years Ended December 31,				
	2010	2009	2008	2007	2006
Net income attributable to MPT common stockholders	$ 22,913	$ 36,330	$ 32,700	$ 39,946	$ 29,998
Participating securities' share in earnings	(1,254)	(1,506)	(1,745)	(1,537)	(651)
Depreciation and amortization	25,838	25,894	26,319	12,671	6,705
Loss (gain) on sale of real estate	(10,566)	(278)	(9,305)	(4,310)	—
Funds from operations — FFO	$ 36,931	$ 60,440	$ 47,969	$ 46,770	$ 36,052
Write-off/reserve of straight-line rent	3,694	1,079	14,037	1,198	—
Loss due to hurricane	—	—	1,280	—	—
Debt refinancing costs/write-off deferred financing costs	6,716	—	3,185	2,827	—
Executive severance	2,830	—	—	—	—
Write-off of former tenant receivable	2,400	—	3,857	—	—
Acquisition costs	2,026	—	—	—	—
Loan impairment charge	12,000	—	—	—	—
Normalized funds from operations	$ 66,597	$ 61,519	$ 70,328	$ 50,795	$ 36,052
Share-based compensation	5,695	5,489	6,388	4,476	3,116
Debt costs amortization	4,723	5,653	4,745	924	1,068
Additional rent received in advance	9,400	—	—	—	—
Straight-line rent revenue	(4,932)	(9,504)	(8,459)	(9,712)	(6,876)
Adjusted funds from operations - AFFO	$ 81,483	$ 63,157	$ 73,002	$ 46,483	$ 33,360

Per diluted share amounts:	For the Years Ended December 31,				
	2010	2009	2008	2007	2006
Net income, less participating securities' share in earnings	$ 0.22	$ 0.45	$ 0.50	$ 0.80	$ 0.74
Depreciation and amortization	0.25	0.32	0.42	0.27	0.17
Loss (gain) on sale of real estate	(0.10)	—	(0.15)	(0.09)	—
Funds from operations — FFO	$ 0.37	$ 0.77	$ 0.77	$ 0.98	$ 0.91
Write-off/reserve of straight-line rent	0.03	0.02	0.23	0.03	—
Loss due to hurricane	—	—	0.02	—	—
Debt refinancing costs/write-off deferred financing costs	0.07	—	0.05	0.06	—
Executive severance	0.03	—	—	—	—
Write-off of former tenant receivable	0.02	—	0.06	—	—
Acquisition costs	0.02	—	—	—	—
Loan impairment charge	0.12	—	—	—	—
Normalized funds from operations	$ 0.66	$ 0.79	$ 1.13	$ 1.07	$ 0.91
Share-based compensation	0.06	0.07	0.10	0.09	0.08
Debt costs amortization	0.04	0.07	0.08	0.02	0.03
Additional rent received in advance	0.10	—	—	—	—
Straight-line rent revenue	(0.03)	(0.12)	(0.13)	(0.21)	(0.18)
Adjusted funds from operations - AFFO	$ 0.81	$ 0.81	$ 1.18	$ 0.97	$ 0.84

Funds from operations, or FFO, represents net income (computed in accordance with generally accepted accounting principles ("GAAP")), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization (excluding amortization of loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. Management considers funds from operations a useful additional measure of performance for an equity REIT because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that funds from operations provides a meaningful supplemental indication of our performance. We compute funds from operations in accordance with standards established by the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating funds from operations utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions. Funds from operations should not be considered as 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.

We calculate adjusted funds from operations, or AFFO, by subtracting from or adding to normalized FFO (i) straight-line rent revenue, (ii) non-cash share-based compensation expense, and (iii) amortization of deferred financing costs. AFFO is an operating measurement that we use to analyze our results of operations based on the receipt, rather than the accrual, of our rental revenue and on certain other adjustments. We believe that this is an important measurement because our leases generally have significant contractual escalations of base rents and therefore result in recognition of rental income that is not collected until future periods, and costs that are deferred or are non-cash charges. Our calculation of AFFO may not be comparable to AFFO or similarly titled measures reported by other REITs. AFFO should not be considered as an alternative to net income (calculated pursuant to GAAP) as an indicator of our results of operations or to cash flow from operating activities (calculated pursuant to GAAP) as an indicator of our liquidity.

Maintaining a Clear Focus

As more and more investors come to understand that well-managed healthcare companies are strong businesses – in both good times and bad – Medical Properties Trust continues to prove the wisdom of the company's original business plan and its focus on hospitals.

Even in up and down economies, growth in healthcare spending has maintained a positive trajectory for decades, and given the aging U.S. population, that growth is expected to continue its upward curve. People will always need hospitals, and hospital operators will need the capital and guidance that MPT's experienced management team can provide.

From left: R. Steven Hamner, Executive Vice President & CFO; Edward K. Aldag, Jr., Chairman, President & CEO; Emmett E. McLean, Executive Vice President & COO.

Financial Review

Forward-Looking Statements 25

Report of Independent Registered Public Accounting Firm 25

Consolidated Balance Sheets 27

Consolidated Statements of Income 28

Consolidated Statements of Equity 29

Consolidated Statements of Cash Flows 30

Notes to Consolidated Financial Statements 32

Corporate and Shareholder Information 47

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Forward-Looking Statements

This annual report 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. Words such as "believe," "expect," "may," "potential," "anticipate," "estimate," "plan," "will," "could," "should," "intend" and variations of such words and similar expressions are intended to identify such forward-looking statements, which include, but are not limited to, statements concerning possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. 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. Such factors include, among others, the following:

- national and local economic, business, real estate and other market conditions;
- the competitive environment in which we operate;
- the execution of our business plan;
- financing risks;
- acquisition and development risks;
- potential environmental, contingencies, and other liabilities;
- other factors affecting the real estate industry generally or the healthcare real estate industry in particular;
- our ability to maintain our status as a REIT for federal and state income tax purposes;
- our ability to attract and retain qualified personnel;
- federal and state healthcare regulatory requirements; and
- the impact of a downturn in the credit markets and a global economic slowdown, which has had and may continue to have a negative effect on the following, among other things:
    - the financial condition of our tenants, our lenders, counterparties to our capped call transactions and institutions that hold our cash balances, which may expose us to increased risks of default by these parties;
    - our ability to obtain debt financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities and refinance existing debt and our future interest expense; and
    - the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.

For further discussion of the factors that could affect outcomes, please refer to the "Risk factors" section of our Form 10-K for the year ended December 31, 2010.

Except as otherwise required by the federal securities laws, we undertake no obligation to update the information in this annual report.

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of equity, and of cash flows present fairly, in all material respects, the financial position of Medical Properties Trust, Inc. and its subsidiaries at December 31, 2010 and December 31, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A of its Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

PricewaterhouseCoopers LLP

Birmingham, Alabama
February 25, 2011

Medical Properties Trust, Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2010	December 31, 2009
	(Amounts in thousands, except for per share data)	
ASSETS		
Real estate assets		
Land	$ 96,894	$ 87,888
Buildings and improvements	893,741	774,022
Construction in progress and other	6,730	291
Intangible lease assets	35,004	24,097
Mortgage loans	165,000	200,164
Real estate held for sale	—	89,973
Gross investment in real estate assets	1,197,369	1,176,435
Accumulated depreciation	(68,662)	(47,965)
Accumulated amortization	(7,432)	(5,133)
Net investment in real estate assets	1,121,275	1,123,337
Cash and cash equivalents	98,408	15,307
Interest and rent receivables	26,176	19,845
Straight-line rent receivables	28,912	27,539
Other loans	50,985	110,842
Other assets	23,058	13,028
Total Assets	**$ 1,348,814**	**$ 1,309,898**
LIABILITIES AND EQUITY		
Liabilities		
Debt, net	$ 369,970	$ 576,678
Accounts payable and accrued expenses	35,974	29,247
Deferred revenue	23,137	15,350
Lease deposits and other obligations to tenants	20,157	17,048
Total liabilities	449,238	638,323
Commitments and Contingencies		
Equity		
Preferred stock, $0.001 par value. Authorized 10,000 shares; no shares outstanding	—	—
Common stock, $0.001 par value. Authorized 150,000 shares; issued and outstanding — 110,225 shares at December 31, 2010 and 78,725 shares at December 31, 2009	110	79
Additional paid-in capital	1,051,785	759,721
Distributions in excess of net income	(148,530)	(88,093)
Accumulated other comprehensive loss	(3,641)	—
Treasury shares, at cost	(262)	(262)
Total Medical Properties Trust, Inc. stockholders' equity	899,462	671,445
Non-controlling interests	114	130
Total Equity	899,576	671,575
Total Liabilities and Equity	**$ 1,348,814**	**$ 1,309,898**

See accompanying notes to consolidated financial statements.

Medical Properties Trust, Inc. and Subsidiaries
Consolidated Statements of Income

	For the Years Ended December 31,		
	2010	2009	2008
Revenues	(Amounts in thousands, except for per share data)		
Rent billed	$ 92,785	$ 81,865	$ 74,146
Straight-line rent	2,074	8,221	3,742
Interest and fee income	26,988	28,723	29,182
Total revenues	121,847	118,809	107,070
Expenses			
Real estate depreciation and amortization	24,486	22,628	22,385
Loan impairment charge	12,000	–	–
Property-related	4,407	3,802	4,242
General and administrative	28,535	21,096	19,515
Total operating expense	69,428	47,526	46,142
Operating income	52,419	71,283	60,928
Other income (expense)			
Interest and other income	1,518	43	86
Debt refiniancing costs	(6,716)	–	–
Interest expense	(33,993)	(37,656)	(42,424)
Net other expenses	(39,191)	(37,613)	(42,338)
Income from continuing operations	13,228	33,670	18,590
Income from discontinued operations	9,784	2,697	14,143
Net income	23,012	36,367	32,733
Net income attributable to non-controlling interests	(99)	(37)	(33)
Net income attributable to MPT common stockholders	**$ 22,913**	**$ 36,330**	**$ 32,700**
Earnings per share — basic			
Income from continuing operations attributable to MPT common stockholders	$ 0.12	$ 0.41	$ 0.27
Income from discontinued operations attributable to MPT common stockholders	0.10	0.04	0.23
Net income attributable to MPT common stockholders	**$ 0.22**	**$ 0.45**	**$ 0.50**
Weighted average shares outstanding — basic	**100,706**	**78,117**	**62,027**
Earnings per share — diluted			
Income from continuing operations attributable to MPT common stockholders	$ 0.12	$ 0.41	$ 0.27
Income from discontinued operations attributable to MPT common stockholders	0.10	0.04	0.23
Net income attributable to MPT common stockholders	**$ 0.22**	**$ 0.45**	**$ 0.50**
Weighted average shares outstanding — diluted	**100,708**	**78,117**	**62,035**

See accompanying notes to consolidated financial statements.

Medical Properties Trust, Inc. and Subsidiaries
Consolidated Statements of Equity
For the Years Ended December 31, 2010, 2009 and 2008

	Preferred		Common		Additional	Distributions in	Accumulated Other	Treasury	Non-Controlling	
	Shares	Par Value	Shares	Par Value	Paid-in Capital	Excess of Net Income	Comprehensive Loss	Stock	Interests	Total Equity
	(Amounts in thousands, except for per share data)									
Balance at December 31, 2007	—	$ —	52,133	$ 52	$ 548,086	$ (28,626)	$ —	$ (262)	$ 77	$ 519,327
Comprehensive income:										
Net income	—	—	—	—	—	32,700	—	—	33	32,733
Comprehensive income	—	—	—	—	—	32,700	—	—	33	32,733
Deferred stock units issued to directors	—	—	—	—	48	(48)	—	—	—	—
Stock vesting and amortization of stock-based compensation	—	—	273	—	6,386	—	—	—	—	6,386
Purchase of Wichita Partnership	—	—	—	—	—	—	—	—	145	145
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(12)	(12)
Proceeds from offering (net of offering costs)	—	—	12,650	13	128,318	—	—	—	—	128,331
Dividends declared ($1.01 per common share)	—	—	—	—	—	(63,967)	—	—	—	(63,967)
Issuance of convertible debt	—	—	—	—	3,400	—	—	—	—	3,400
Balance at December 31, 2008	—	—	65,056	65	686,238	(59,941)	—	(262)	243	626,343
Comprehensive income:										
Net income	—	—	—	—	—	36,330	—	—	37	36,367
Comprehensive income	—	—	—	—	—	36,330	—	—	37	36,367
Deferred stock units issued to directors	—	—	52	1	5	(4)	—	—	—	2
Stock vesting and amortization of stock-based compensation	—	—	246	—	5,488	—	—	—	—	5,488
Proceeds from offering (net of offering costs)	—	—	13,371	13	67,990	—	—	—	—	68,003
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(150)	(150)
Dividends declared ($0.80 per common share)	—	—	—	—	—	(64,478)	—	—	—	(64,478)
Balance at December 31, 2009	—	—	78,725	79	759,721	(88,093)	—	(262)	130	671,575
Comprehensive income:										
Net income	—	—	—	—	—	22,913	—	—	99	23,012
Unrealized loss on interest rate swaps	—	—	—	—	—	—	(3,641)	—	—	(3,641)
Comprehensive income	—	—	—	—	—	22,913	(3,641)	—	99	19,371
Stock vesting and amortization of stock-based compensation	—	—	700	—	6,616	—	—	—	—	6,616
Proceeds from offering (net of offering costs)	—	—	30,800	31	288,035	—	—	—	—	288,066
Extinguishment of convertible debt	—	—	—	—	(2,587)	—	—	—	—	(2,587)
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(115)	(115)
Dividends declared ($0.80 per common share)	—	—	—	—	—	(83,350)	—	—	—	(83,350)
Balance at December 31, 2010	—	$ —	110,225	$ 110	$ 1,051,785	$ (148,530)	$ (3,641)	$ (262)	$ 114	$ 899,576

See accompanying notes to consolidated financial statements.

Medical Properties Trust, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	For the Years Ended December 31,		
Operating activities	2010	2009	2008
	(Amounts in thousands)		
Net income	$ 23,012	$ 36,367	$ 32,733
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	26,312	26,309	26,535
Amortization and write-off of deferred financing costs and debt discount	6,110	5,824	7,961
Premium paid on extinguishment of debt	3,833	—	—
Straight-line rent revenue	(4,932)	(9,536)	(9,402)
Share-based compensation expense	6,616	5,488	6,386
(Gain) loss from sale of real estate	(10,566)	(278)	(9,305)
Deferred revenue and fee income	(4,393)	(847)	(7,583)
Provision for uncollectible receivables and loans	14,400	—	5,700
Rent and interest income added to loans	—	(921)	(5,556)
Straight-line rent write-off	3,694	1,111	14,037
Payment of interest on early prepayment of debt	(7,324)	—	—
Other adjustments	(30)	(246)	(57)
Decrease (increase) in:			
Interest and rent receivable	(5,490)	(2,433)	(4,392)
Other assets	(566)	126	5,249
Accounts payable and accrued expenses	(3,177)	1,700	4,757
Deferred revenue	13,138	87	2,854
Net cash provided by operating activities	60,637	62,751	69,917
Investing activities			
Real estate acquired	(137,808)	(421)	(430,710)
Proceeds from sale of real estate	97,669	15,000	89,959
Principal received on loans receivable	90,486	4,305	71,941
Investment in loans receivable	(11,637)	(23,243)	(95,567)
Construction in progress	(6,638)	—	—
Other investments	(9,291)	(7,777)	(4,286)
Net cash provided by (used for) investing activities	22,781	(12,136)	(368,663)

Medical Properties Trust, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)

	For the Years Ended December 31,		
	2010	2009	2008
	(Amounts in thousands)		
Financing activities			
Proceeds from term debt, net of discount	148,500	—	119,001
Payments of term debt	(216,765)	(1,232)	(860)
Payment of deferred financing costs	(6,796)	232	(6,072)
Revolving credit facilities, net	(137,200)	(55,800)	38,014
Distributions paid	(77,087)	(61,649)	(65,098)
Lease deposits and other obligations to tenants	3,667	3,390	2,963
Proceeds from sale of common shares, net of offering costs	288,066	68,003	128,331
Other	(2,702)	—	—
Net cash provided by (used in) financing activities	(317)	(47,056)	216,279
Increase (decrease) in cash and cash equivalents for the year	83,101	3,559	(82,467)
Cash and cash equivalents at beginning of year	15,307	11,748	94,215
Cash and cash equivalents at end of year	**$ 98,408**	**$ 15,307**	**$ 11,748**
Interest paid, including capitalized interest of $63 in 2010, $— in 2009, and $ — in 2008	$ 29,679	$ 33,272	$ 31,277
Supplemental schedule of non-cash financing activities:			
Other common stock transactions	$ —	$ 5	$ 48

See accompanying notes to consolidated financial statements.

1. Organization

Medical Properties Trust, Inc., a Maryland corporation, was formed on August 27, 2003 under the General Corporation Law of Maryland for the purpose of engaging in the business of investing in and owning commercial real estate. Our operating partnership subsidiary, MPT Operating Partnership, L.P. (the "Operating Partnership") through which we conduct primarily all of our operations, was formed in September 2003. Through another wholly owned subsidiary, Medical Properties Trust, LLC, is the sole general partner of the Operating Partnership.

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

2. Summary of Significant Accounting Policies

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

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

We continually evaluate all of our transactions and investments to determine if they represent variable interests in a variable interest entity. If we determine that we have a variable interest in a variable interest entity, we then evaluate if we are the primary beneficiary of the variable interest entity. The evaluation is a qualitative assessment as to whether we have the ability to direct the activities of a variable interest entity that most significantly impact the entity's economic performance. We consolidate each variable interest entity in which we, by virtue of or transactions with our investments in the entity, are considered to be the primary beneficiary. We have determined that Vibra, Monroe Hospital and two other smaller tenants are variable interest entities that we have investments in and/or outstanding loans and other receivables due to us of approximately 3%, 2% and 1% of our total assets, respectively. These investments in and/or outstanding loans and other receivables due from these entities represent our maximum exposure to loss. Through qualitative analysis, we have determined that we are not the primary beneficiary of these entities as we do not direct the activities that most significantly impact the economic performance of theses entities (such as the day-to-day management of the tenant's hospital operations). Therefore, we have not consolidated these entities in our financial statements.

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

Revenue Recognition: We receive income from operating leases based on the fixed, minimum required rents (base rents) per the lease agreements. Rent revenue from base rents is recorded on the straight-line method over the terms of the related lease agreements for new leases and the remaining terms of existing leases for acquired properties. The straight-line method records the periodic average amount of base rent earned over the term of a lease, taking into account contractual rent increases over the lease term. The straight-line method typically has the effect of recording more rent revenue from a lease than a tenant is required to pay early in the term of the lease. During the later parts of a lease term, this effect reverses with less rent revenue recorded than a tenant is required to pay. Rent revenue as recorded on the straight-line method in the consolidated statements of income is presented as two amounts: billed rent revenue and straight-line revenue. Billed rent revenue is the amount of base rent actually billed to the customer each period as required by the lease. Straight-line rent revenue is the difference between rent revenue earned based on the straight-line method and the amount recorded as billed rent revenue. We record the difference between base rent revenues earned and amounts due per the respective lease agreements, as applicable, as an increase or decrease to straight-line rent receivable.

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

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

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

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

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

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

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

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

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

We amortize the value of in-place leases, if any, to expense over the initial term of the respective leases. The value of customer relationship intangibles is amortized to expense over the initial term and any renewal periods in the respective leases, but in no event will the amortization period for intangible assets exceed the remaining depreciable life of the building. If a lease is terminated, the unamortized portion of the in-place lease value and customer relationship intangibles are charged to expense.

Real Estate and Depreciation: Real estate, consisting of land, buildings and improvements, are recorded at cost. Although typically paid by our tenants, any expenditures for ordinary maintenance and repairs that we pay are expensed to operations as incurred. Significant renovations and improvements which improve and/or extend the useful life of the asset are capitalized and depreciated over their estimated useful lives. We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets, including an estimated liquidation amount, during the expected holding periods are less than the carrying amounts of those assets. Impairment losses are measured as the difference between carrying value and fair value of assets. For assets held for sale, we cease recording depreciation expense and adjust the assets' value to the lower of its carrying value or fair value, less cost of disposal. Fair value is based on estimated cash flows discounted at a risk-adjusted rate of interest. We classify real estate assets as held for sale when we have commenced an active program to sell the assets, and in the opinion of management, it is probable the asset will be sold within the next 12 months. We record the results of operations from material property sales or planned sales (which include real property, loans and any receivables) as discontinued operations in the consolidated statements of income for all periods presented if we do not have any continuing involvement with the property subsequent to its sale. Results of discontinued operations include interest expense from debt which specifically collateralizes the property sold or held for sale.

Construction in progress includes the cost of land, the cost of construction of buildings, improvements and fixed equipment, and costs for design and engineering. Other costs, such as interest, legal, property taxes and corporate project supervision, which can be directly associated with the project during construction, are also included in construction in progress.

Depreciation is calculated on the straight-line method over the weighted average useful lives of the related assets, as follows:

Buildings and improvements	37.8 years
Tenant lease intangibles	14.3 years
Tenant improvements	5.4 years
Furniture, equipment and other	9.5 years

Losses from Rent Receivables: We continuously monitor the performance of our existing tenants including, but not limited to, admission levels and surgery/procedure volumes by type; current operating margins; ratio of our tenant's operating margins both to facility rent and to facility rent plus other fixed costs; trends in revenue and patient mix; and the effect of evolving healthcare regulations on tenant's profitability and liquidity. We utilize this information along with the tenant's payment and default history in evaluating (on a property-by-property basis) whether or not a provision for losses on outstanding rent receivables is needed. A provision for losses on rent receivables (including straight-line rent receivables) is ultimately recorded when it becomes probable that the receivable will not be collected in full. The provision is an amount which reduces the receivable to its estimated net realizable value based on a determination of the eventual amounts to be collected either from the debtor or from the collateral, if any.

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

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

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

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

Our financial statements include the operations of two taxable REIT subsidiaries, MPT Development Services, Inc. ("MDS") and MPT Covington TRS, Inc. ("CVT") that are not entitled to a dividends paid deduction and are subject to federal, state and local income taxes. MDS and CVT are authorized to provide property development, leasing and management services for third-party owned properties and make loans to lessees and operators.

Stock-Based Compensation: We currently sponsor the Second Amended and Restated Medical Properties Trust, Inc. 2004 Equity Incentive Plan (the "Equity Incentive Plan") that was established in 2004. Awards of restricted stock, stock options and other equity-based awards with service conditions are amortized to compensation expense over the vesting periods which generally range from three to seven years, using the straight-line method. Awards of deferred stock units vest when granted and are charged to expense at the date of grant. Awards that contain market conditions are amortized to compensation expense over the derived vesting periods, which correspond to the periods over which we estimate the awards will be earned, which generally range from three to seven years, using the straight-line method. Awards with performance conditions are amortized using the straight-line method over the service period in which the performance conditions are measured, adjusted for the probability of achieving the performance conditions.

Deferred Costs: Costs incurred prior to the completion of offerings of stock or other capital instruments that directly relate to the offering are deferred and netted against proceeds received from the offering. External costs incurred in connection with anticipated financings and refinancing of debt are generally capitalized as deferred financing costs in other assets and amortized over the lives of the related loans as an addition to interest expense. For debt with defined principal re-payment terms, the deferred costs are amortized to produce a constant effective yield on the loan (interest method). For debt without defined principal re-payment terms, such as revolving credit agreements, the deferred costs are amortized on the straight-line method over the term of the debt. Leasing commissions and other leasing costs directly attributable to tenant leases are capitalized as deferred leasing costs and amortized on the straight-line method over the terms of the related lease agreements. Costs identifiable with loans made to borrowers are recognized as a reduction in interest income over the life of the loan.

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

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

Fair Value Measurement

We measure and disclose the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1. . . quoted prices for *identical* instruments in active markets;

Level 2. . . quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and

Level 3. . . fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

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

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

Reclassifications: Certain reclassifications have been made to the consolidated financial statements to conform to the 2010 consolidated financial statement presentation. Assets sold or held for sale have been reclassified on the consolidated balance sheets and related operating results have been reclassified from continuing operations to discontinued operations (see Note 11).

3. Real Estate and Loans Receivable

Aquisitions

We acquired the following assets:

	2010	2009	2008
	(Amounts in thousands)		
Land	$ 8,227	$ 421	$ 45,293
Buildings	119,626	—	373,472
Intangible lease assets-subject to amortization (weighted-average useful life 19.4 years in 2010 and 10.7 years in 2008)	9,955	—	11,945
	$ 137,808	$ 421	$ 430,710

In the fourth quarter of 2010, we acquired two long-term acute care hospital facilities in Texas for an aggregate purchase price of $64 million. The properties acquired had existing leases in place which we assumed. The Triumph Hospital Clear Lake, a 110-bed facility that opened in 2005, is subject to a lease maturing in 2025 and can be renewed by the lessee for two five-year terms. Triumph Hospital Tomball, a 75-bed facility that opened in August 2006, is subject to a lease that matures in 2026 and can be renewed by the lessee for two five-year terms.

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

From the respective acquisition dates in 2010 through year-end, these 2010 acquisitions contributed $4.3 million of revenue and $3.4 million of income. In addition, we incurred approximately $2.0 million in acquisition related expenses in 2010, of which approximately $0.9 million related to acquisitions consummated as of December 31, 2010. These acquisition expenses are reflected in general and administrative expenses in the consolidated statements of income.

In the second and third quarters of 2008, we completed the acquisition of 20 properties from a single seller for $357.2 million. The properties acquired had existing leases in place, which we assumed, on six acute care hospitals, three long-term acute care hospitals, five rehabilitation hospitals, and six wellness centers.

In May 2008, we acquired a long-term acute care hospital at a cost of $10.8 million from an unrelated party and entered into an operating lease with Vibra Healthcare ("Vibra").

In June 2008, we entered into a $60 million loan with affiliates of Prime related to three southern California hospital campuses operated by Prime. We acquired one of the facilities in July 2008 from a Prime affiliate for approximately $15 million and the other two facilities (including two medical office buildings) in the 2008 fourth quarter for $45 million. We entered into a 10-year lease with the Prime affiliate concurrent with our acquisitions of each of these facilities.

The results of operations for each of the properties acquired are included in our consolidated results from the effective date of each acquisition. The following table sets forth certain unaudited pro forma consolidated financial data for 2010 and 2009 as if each significant acquisition was consummated on the same terms at the beginning of each year.

	2010	2009
	(Amounts in thousands except per share amounts)	
Total revenues	$ 130,470	$ 129,454
Net income attributable to MPT common stockholders	18,026	37,884
Net income per share attributable to MPT common stockholders-diluted	$ 0.17	$ 0.47

Disposals

In the fourth quarter 2010, we sold the real estate of our Montclair Hospital, an acute care medical center to Prime for proceeds of $20.0 million. We realized a gain on the sale of $2.2 million. Due to this sale, operating results of our Montclair facility have been included in discontinued operations for the current period and all prior periods, and we have reclassified the asset of this property to Real Estate Held for Sale in our accompanying Consolidated Balance Sheet at December 31, 2009.

In October 2010, we sold the real estate of our Sharpstown facility in Houston, Texas to a third party for net proceeds of $2.7 million resulting in a gain of $0.7 million. At December 31, 2009, this facility was reclassified as held for sale and the related operating results have been included in discontinued operations for the current period and all prior periods.

In the second quarter 2010, we sold the real estate of our Inglewood Hospital, a 369-bed acute care medical center located in Inglewood, California, to Prime Healthcare, for $75 million resulting in a gain of approximately $6 million. Due to this sale, operating results of our Inglewood facility have been included in discontinued operations for the current period and all prior periods, and we have reclassified the asset of this property to Real Estate Held for Sale in our accompanying Consolidated Balance Sheet at December 31, 2009.

In the fourth quarter of 2009, we sold the real estate asset of one acute care facility to Prime for proceeds of $15.0 million. The sale was completed on December 28, 2009, and we realized a gain on the sale of $0.3 million.

In the second quarter of 2008, we sold the real estate assets of three inpatient rehabilitation facilities to Vibra for proceeds of approximately $105 million, including $7.0 million in early lease termination fees and $8.0 million of a loan pre-payment. The sale was completed on May 7, 2008, realizing a gain on the sale of $9.3 million. We also wrote off $9.5 million in related straight-line rent receivable upon completion of the sales.

Intangible Assets

At December 31, 2010 and 2009, our intangible lease assets were $35.0 million ($27.6 million, net of accumulated amortization) and $24.1 million ($19.0 million, net of accumulated amortization), respectively.

We recorded amortization expense related to intangible lease assets of $3.2 million, $4.5 million (including $0.5 million of accelerated amortization as described below) and $8.1 million (including $4.5 million of accelerated amortization as described below) in 2010, 2009, and 2008, respectively, and expect to recognize amortization expense from existing lease intangible assets as follows: (amounts in thousands)

For the Year Ended December 31:	
2011	$ 2,957
2012	2,592
2013	2,559
2014	2,494
2015	2,305

As of December 31, 2010, capitalized lease intangibles have a weighted average remaining life of 14.3 years.

Leasing Operations

Minimum rental payments due to us in future periods under operating leases which have non-cancelable terms extending beyond one year at December 31, 2010, are as follows: (amounts in thousands)

2011	$ 93,799
2012	90,443
2013	90,980
2014	89,291
2015	86,392
Thereafter	653,621
	$ 1,104,526

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

In April 2009, we terminated leases on two of our facilities in Louisiana (Covington and Denham Springs) after the operator defaulted on the leases. As a result of the lease terminations, we recorded a $1.1 million charge in order to fully reserve and write off, respectively, the related straight-line rent receivables associated with the Covington and Denham Springs facilities. In addition, we accelerated the amortization of the related lease intangibles resulting in $0.5 million of expense in the 2009 second quarter. In June 2009, we re-leased the Denham Springs facility to a new operator under terms similar to the terminated lease. In March 2010, we re-leased our Covington facility. The lease has a fixed term of 15 years with an option, at the lessee's discretion, to extend the term for three additional periods of five years each. Rent during 2010 was based on an annual rate of $1.4 million and, commencing on January 1, 2011, increases annually by 2%. At the end of each term, the tenant has the right to purchase the facility at a price generally equivalent to the greater of our undepreciated cost and fair market value. Separately, we also obtained an interest in the operations of the tenant whereby we may receive additional consideration based on the profitability of such operations.

In January 2009, the then-operator of our Bucks County facility gave notice of its intentions to close the facility. The associated lease was terminated, which resulted in the write-off of $4.7 million in uncollectible rent and other receivables in December 2008. This write-off excluded $3.8 million of receivables that were guaranteed by the former tenant's parent company. In the 2010 fourth quarter, we agreed to settle our $3.8 million claim of unpaid rent for $1.4 million resulting in a $2.4 million charge to earnings.

In July 2009, we re-leased our Bucks County facility located in Bensalem, Pennsylvania. The lease has a fixed term of five years with an option, at the lessee's discretion, to extend 15 additional periods of one year each. Initial cash rent was $2.0 million per year with annual escalations of 2%. Separately, we also obtained a profits interest whereby we may receive up to an additional $1.0 million annually pursuant to an agreement that provides for our participation in certain cash flows, if any, as defined in the agreement. After the fixed term, the tenant has the right to purchase the facility at a price based on a formula set forth in the lease agreement.

In the third quarter of 2008, we terminated leases on two general acute care hospitals in Houston, Texas and one hospital in Redding, California due to certain tenant defaults. These facilities were previously leased to affiliates of HPA that filed for bankruptcy subsequent to the lease terminations. Pursuant to these lease terminations, we recorded $4.5 million in accelerated amortization in the 2008 third quarter related to lease intangibles. In addition, we recorded a $1.5 million charge for the write-off of straight-line rent.

On November 1, 2008, we entered into a new lease agreement for the Redding hospital. The new operator, an affiliate of Prime, agreed to increase the lease base from $60.0 million to $63.0 million and to pay up to $12.0 million in additional rent and a profits participation of up to $8.0 million based on the future profitability of the new lessee's operations. In the 2010 second quarter, Prime paid us $12 million in additional rent related to our Redding property, and we terminated our agreements with Prime concerning the additional rent and profits interest. Of this $12 million in additional rent, $2.6 million has been recognized in income from lease inception through December 31, 2010, (including $1.2 million in each of 2010 and 2009) and we expect to recognize the other $9.4 million into income over the remainder of the lease life.

As of December 31, 2010, we have advanced approximately $28 million to the operator/lessee of Monroe Hospital in Bloomington, Indiana pursuant to a working capital loan agreement, including additional advances of $1.3 million in 2010. In addition as of December 31, 2010, we have $11.5 million ($1.9 million accrued in 2010) of rent, interest and other charges outstanding, of which $5.4 million of interest receivables are significantly more than 90 days past due. Because the operator has not made all payments required by the working capital loan agreement and the related real estate lease agreement, we consider the loan to be impaired. During the first quarter of 2010, we evaluated alternative strategies for the recovery of our advances and accruals and at that time determined that the future cash flows of the current tenant or related collateral would, more likely than not, result in less than a full recovery of our loan advances. Accordingly, we recorded a $12 million charge in the 2010 first quarter to recognize the estimated impairment of the working capital loan. During the third quarter of 2010, we determined that it is reasonably likely that the existing tenant will be unable to make certain lease payments that become due in future years. Accordingly, we recorded a valuation allowance for unbilled straight-line rent in the amount of $2.5 million. At December 31, 2010, our net investment (exclusive of the related real estate) of $27.6 million is our maximum exposure to Monroe and the amount is deemed collectible/recoverable. In making this determination, we considered our first priority secured interest in approximately (i) $4 million in hospital patient receivables, (ii) cash balances of approximately $4 million, and (iii) 100% of the membership interests of the operator/lessee and our assessment of the realizable value of our other collateral.

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

Loans

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

	As of December 31, 2010		As of December 31, 2009	
	Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate
Mortgage loans	$ 165,000	10.0%	$ 200,164	9.9%
Other loans	50,985	10.8%	110,842	10.6%
	$ 215,985		$ 311,006	

In 2010, we funded $2.8 million for an expansion loan on the Centinela property. This expansion loan and original mortgage loan were repaid in the amount of $43 million in the 2010 fourth quarter.

In December 2009, we committed to fund a mortgage loan totaling $20.0 million to an affiliate of Prime, $15 million of which was advanced in 2009 with the remainder advanced in 2010. This loan is collateralized by the Desert Valley facility and the purpose of the loan was to help fund an overall $35.0 million expansion and renovation.

Including our working capital loans to Monroe (discussed previously), our other loans primarily consist of loans to our tenants for acquisitions and working capital purposes. In 2008 and as part of the leasing of our Redding hospital, we agreed to provide Prime a working capital loan up to $20 million. In April 2010, Prime repaid this loan and other working capital loans plus accrued interest in the amount of $40 million. In conjunction with our purchase of six healthcare facilities in July and August 2004, we also made loans aggregating $41.4 million to Vibra. As of December 31, 2010, Vibra has reduced the balance of the loans to $19.6 million.

Concentration of Credit Risks

For the years ended December 31, 2010, 2009, and 2008, affiliates of Prime (including rent and interest from mortgage and working capital loans) accounted for 32.7%, 33.7%, and 26.9%, respectively, of our total revenues, and Vibra (including rent and interest from working capital loans) accounted for 14.5%, 15.1%, and 17.4%, respectively, of our total revenues.

4. Debt

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

	As of December 31, 2010		As of December 31, 2009	
	Balance	Interest Rate	Balance	Interest Rate
Revolving credit facilities	$ —	Variable	$ 137,200	Variable
Senior unsecured notes — fixed rate through July and October 2011 due July and October 2016	125,000	7.333%-7.871%	125,000	7.333%-7.871%
Exchangeable senior notes				
Principal amount	91,175	6.125%-9.250%	220,000	6.125%-9.250%
Unamortized discount	(2,585)		(8,265)	
	88,590		211,735	
Term loans Principal amount	157,683	Various	102,743	Various
Unamortized discount	(1,303)		—	
	156,380		102,743	
	$ 369,970		$ 576,678	

As of December 31, 2010, principal payments due on our debt (which exclude the effects of any discounts recorded) are as follows:

2011	$ 25,608
2012	1,500
2013	83,500
2014	1,500
2015	1,500
Thereafter	260,250
Total	$ 373,858

In May 2010, we closed on a new $450 million secured credit facility with a syndicate of banks and others, and the proceeds of such new credit facility along with cash proceeds from a secondary stock offering as more fully described in Note 9 were used to repay in full all outstanding obligations under the old $220 million credit facility, fund the purchase of 93% of our outstanding 6.125% exchangeable senior notes and payoff of a $30 million term loan. These refinancing activities resulted in a charge of approximately $6.7 million in 2010 related to the write-off of previously deferred financing costs and the premium we paid associated with the exchangeable notes buy back. The new credit facility includes a $150 million term loan facility ("2010 Term Loan") and a $300 million revolving loan facility ("2010 Revolving Facility"), which was increased to $330 million in September 2010. We may further increase the 2010 Revolving Facility up to $375 million via an accordion feature through November 2011.

Revolving Credit Facilities

The 2010 Revolving Facility has a 3-year term that matures on May 17, 2013 and has an interest rate option of (1) the higher of the "prime rate" or federal funds rate plus 0.5%, plus a spread initially set at 2.00%, but that is adjustable from 2.00% to 2.75% based on current total leverage, or (2) LIBOR plus a spread initially set at 3.00%, but that is adjustable from 3.00% to 3.75% based on current total leverage. In addition, we are required to pay a quarterly commitment fee on the undrawn portion of the 2010 Revolving Facility, ranging from 0.375% to 0.500% per year. The 2010 Revolving Facility is collateralized by (i) the equity interests of certain of our subsidiaries and (ii) mortgage loans payable to us. We may borrow up to the maximum of the facility so long as we do not permit the ratio of outstanding indebtedness under the facility to exceed 55% of the value of the borrowing base, as described in the revolving facility agreement. From inception of this new facility through December 31, 2010, we have not borrowed under this facility, and as of December 31, 2010, we had $322.4 million of availability.

In regards to the $220 million credit facility that we paid off in 2010, our outstanding borrowings under the revolving facility were $96 million at December 31, 2009. For 2009, our interest rate was primarily set of the 30-day LIBOR plus 1.75% (1.99% at December 31, 2009). In addition, the old credit facility provided for a quarterly commitment fee on the unused portion ranging from 0.20% to 0.35%. The weighted average interest rate on this facility was 2.21% for 2009.

In June 2007, we signed a collateralized revolving bank credit facility for up to $42 million. The terms are for five years with interest at the 30-day LIBOR plus 1.50% (1.77% at December 31, 2010 and 1.73% at December 31, 2009). The amount available under the facility decreases $0.8 million per year until maturity. The facility is collateralized by one real estate property with a net book value of $56.5 million and $57.9 million at December 31, 2010 and 2009, respectfully. This facility had an outstanding balance of $0 and $41.2 million at December 31, 2010 and December 31, 2009, respectively. At December 31, 2010, we had $40.4 million of availability under this revolving credit facility. The weighted-average interest rate on this revolving bank credit facility was 1.74% and 1.86% for 2010 and 2009, respectively.

Senior Unsecured Notes

During 2006, we issued $125.0 million of Senior Unsecured Notes (the “Senior Notes”). The Senior Notes were placed in private transactions exempt from registration under the Securities Act of 1933, as amended, (the “Securities Act”). One of the issuances of Senior Notes totaling $65.0 million pays interest quarterly at a fixed annual rate of 7.871% through July 30, 2011, thereafter, at a floating annual rate of three-month LIBOR plus 2.30% and may be called at par value by us at any time on or after July 30, 2011. This portion of the Senior Notes matures in July 2016. The remaining issuances of Senior Notes pay interest quarterly at fixed annual rates ranging from 7.333% to 7.715% through October 30, 2011, thereafter, at a floating annual rate of three-month LIBOR plus 2.30% and may be called at par value by us at any time on or after October 30, 2011. These remaining notes mature in October 2016.

During the second quarter 2010, we entered into an interest rate swap to fix $65 million of our $125 million Senior Notes, starting July 31, 2011 (date on which the interest rate is scheduled to turn variable) through maturity date (or July 2016), at a rate of 5.507%. We also entered into an interest rate swap to fix $60 million of our Senior Notes starting October 31, 2011 (date on which the related interest rate is scheduled to turn variable) through the maturity date (or October 2016) at a rate of 5.675%. At December 31, 2010, the fair value of the interest rate swaps is $3.6 million, which is reflected in accounts payable and accrued expenses on the condensed consolidated balance sheet.

We account for our interest rate swaps as cash flow hedges. Accordingly, the effective portion of changes in the fair value of our swaps is recorded as a component of accumulated other comprehensive income/loss on the balance sheet until the underlying debt matures while the ineffective portion is recorded through earnings. We did not have any hedge ineffectiveness from inception of our interest rate swaps through December 31, 2010 and therefore, there was no income statement effect recorded during the year ended December 31, 2010.

Exchangeable Senior Notes

In November 2006, our Operating Partnership issued and sold, in a private offering, $138.0 million of Exchangeable Senior Notes (the “2006 Exchangeable Notes”). The 2006 Exchangeable Notes pay interest semi-annually at a rate of 6.125% per annum and mature on November 15, 2011. The 2006 Exchangeable Notes have an initial exchange rate of 60.3346 of our common shares per $1,000 principal amount of the notes, representing an exchange price of $16.57 per common share. The initial exchange rate is subject to adjustment under certain circumstances. The 2006 Exchangeable Notes are exchangeable, prior to the close of business on the second business day immediately preceding the stated maturity date at any time beginning on August 15, 2011 and also upon the occurrence of specified events, for cash up to their principal amount and cash or our common shares for the remainder of the exchange value in excess of the principal amount. Net proceeds from the offering of the 2006 Exchangeable Notes were approximately $134 million, after deducting the initial purchasers’ discount. The 2006 Exchangeable Notes are senior unsecured obligations of the Operating Partnership, guaranteed by us. During 2010, 93% of the outstanding 6.125% exchangeable senior notes due 2011 were repurchased at a price of 103% of the principal amount plus accrued and unpaid interest (or $136.3 million). The outstanding balance on the 2006 Exchangeable Notes is $9.2 million as of December 31, 2010.

Concurrent with the pricing of the 2006 exchangeable notes, the Operating Partnership entered into a “capped call” transaction with affiliates of the initial purchasers (the “option counterparties”) in order to increase the effective exchange price of the Exchangeable Notes to $18.94 per common share. The capped call transaction is expected to reduce the potential dilution with respect to our common stock upon exchange of the 2006 Exchangeable Notes to the extent the then market value per share of our common stock does not exceed $18.94 during the observation period relating to an exchange. We have reserved 8.3 million shares, which may be issued in the future to settle the 2006 Exchangeable Notes. The premium of $6.3 million paid for the “capped call” transaction has been recorded as a permanent reduction to additional paid in capital in the consolidated statement of equity.

In March 2008, our Operating Partnership issued and sold, in a private offering, $75.0 million of Exchangeable Senior Notes (the "2008 Exchangeable Notes") and received proceeds of $72.8 million. In April 2008, the Operating Partnership sold an additional $7.0 million of the 2008 Exchangeable Notes (under the initial purchasers' overallotment option) and received proceeds of $6.8 million. The 2008 Exchangeable Notes pay interest semi-annually at a rate of 9.25% per annum and mature on April 1, 2013. The 2008 Exchangeable Notes have an initial exchange rate of 80.8898 shares of our common stock per $1,000 principal amount, representing an exchange price of $12.36 per common share. The initial exchange rate is subject to adjustment under certain circumstances. The 2008 Exchangeable Notes are exchangeable prior to the close of business on the second day immediately preceding the stated maturity date at any time beginning on January 1, 2013 and also upon the occurrence of specified events, for cash up to their principal amounts and cash or our common shares for the remainder of the exchange value in excess of the principal amount. The 2008 Exchangeable Notes are senior unsecured obligations of the Operating Partnership, guaranteed by us.

Term Loans

The 2010 Term Loan has a 6-year term that matures May 17, 2016 and has an interest rate option of (1) LIBOR plus a spread of 3.5% or (2) the higher of the "prime rate" or federal funds rate plus 0.5%, plus a spread of 2.50%. This 2010 Term Loan is subject to a LIBOR floor of 1.5% (5.00% at December 31, 2010). We make quarterly principal payments of $375,000 on the term loan. The 2010 Term Loan had an outstanding balance of $149.3 million at December 31, 2010.

Included in the $220 million credit facility that was paid off in 2010 was a term loan that had an outstanding balance of $64.5 million at December 31, 2009. This term loan's interest rate was based on the 30-day LIBOR plus a spread of 200 basis points (2.26% at December 31, 2009).

In June 2008, our Operating Partnership signed a term loan agreement for $30.0 million that was paid off during 2010. This facility had an outstanding balance of $29.6 million at December 31, 2009. The loan had a variable interest rate of 400 basis points in excess of LIBOR (4.23% at December 31, 2009).

In November 2008, we signed a collateralized term loan facility for $9 million with interest fixed at 5.66%. The term loan has a stated maturity date of November 2013; however, this could mature earlier if the lease of the collateralized property (that comes due in December 2011) is not extended. We make monthly principal and interest payments on this loan. The facility is collateralized by one real estate property with a book value of $18.2 million at December 31, 2010. This facility had an outstanding balance of $8.4 million at December 31, 2010.

Our debt facilities impose certain restrictions on us, including restrictions on our ability to: incur debts; grant liens; provide guarantees in respect of obligations of any other entity; make redemptions and repurchases of our capital stock; prepay, redeem or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate; and change our business. In addition, these agreements limit the amount of dividends we can pay to 90% of normalized adjusted funds from operations, as defined in the agreements, on a rolling four quarter basis starting for the fiscal quarter ending March 31, 2012 and thereafter. Prior to March 31, 2012, a similar dividend restriction exists but at a higher percentage for transitional purposes. These agreements also contain provisions for the mandatory prepayment of outstanding borrowings under these facilities from the proceeds received from the sale of properties that serve as collateral, except a portion may be reinvested subject to certain limitations, as defined in the credit facility agreement.

In addition to these restrictions, the new credit facility contains customary financial and operating covenants, including covenants relating to our total leverage ratio, fixed charge coverage ratio, mortgage secured leverage ratio, recourse mortgage secured leverage ratio, consolidated adjusted net worth, facility leverage ratio, and borrowing base interest coverage ratio. This facility also contains customary events of default, including among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with our covenants. If an event of default occurs and is continuing under the facility, the entire outstanding balance may become immediately due and payable. At December 31, 2010, we were in compliance with all such financial and operating covenants.

5. Income Taxes

We have maintained and intend to maintain our election as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of our taxable income to our stockholders. As a REIT, we generally will not be subject to federal income tax if we distribute 100% of our taxable income to our stockholders and satisfy certain other requirements. Income tax is paid directly by our stockholders on the dividends distributed to them. If our taxable income exceeds our dividends in a tax year, REIT tax rules allow us to designate dividends from the subsequent tax year in order to avoid current taxation on undistributed income. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates, including any applicable alternative minimum tax. Taxable income from non-REIT activities managed through our taxable REIT subsidiaries is subject to applicable federal, state and local income taxes. For 2010 and 2009, we recorded tax expense of $1.6 million and $0.3 million, respectively, while we recorded a tax benefit of $1.1 million in 2008.

At December 31, 2010 and 2009, we had a net deferred tax asset (prior to valuation allowance) of $6.7 million and $1.8 million respectively. This increase is primarily related to the loss reserve recorded in 2010 on the Monroe loan and an increase in the federal and state net operating loss carry forwards ("NOLs"). NOLs are available to offset future earnings in one of our taxable REIT subsidiaries within the periods specified by law. At December 31, 2010, we had U.S. federal and state NOLs of $7.4 million and $7.9 million, respectively, that expire in 2020 through 2030.

With the early prepayment of working capital loans by Prime and the impairment of the Monroe loan as more fully described in Note 3, we did not believe that one of our taxable REIT subsidiaries would generate enough taxable income to use the federal and state net operating losses noted above within the carry forward period specified by law. Therefore, in the 2010 second quarter, we fully reserved for the net deferred tax asset. At December 31, 2010 and 2009 the valuation allowance was $6.8 million and $0.3 million, respectively. We will continue to monitor this valuation allowance and, if circumstances change (such as entering into new working capital loans or other transactions), we will adjust this valuation allowance accordingly.

Earnings and profits, which determine the taxability of distributions to stockholders, will differ from net income reported for financial reporting purposes due primarily to differences in cost bases, differences in the estimated useful lives used to compute depreciation, and differences between the allocation of our net income and loss for financial reporting purposes and for tax reporting purposes.

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

	For the Years Ended December 31,		
	2010	2009	2008
Common share distribution	$ 0.800000	$ 0.800000	$ 1.080000
Ordinary income	0.388128	0.471792	0.677940
Capital gains(1)	0.027724	0.003708	0.145400
Unrecaptured Sec. 1250 gain	0.022784	0.003708	0.138168
Return of capital	0.384148	0.324500	0.256660
Allocable to next year	—	—	—

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

6. Earnings Per Share

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

	For the Years Ended December 31,		
	2010	2009	2008
Numerator:			
Income from continuing operations	$ 13,228	$ 33,670	$ 18,590
Non-controlling interests' share in continuing operations	(99)	(36)	(29)
Participating securities' share in earnings	(1,254)	(1,506)	(1,745)
Income from continuing operations, less participating securities' share in earnings	11,875	32,128	16,816
Income from discontinued operations	9,784	2,697	14,143
Non-controlling interests' share in discontinued operations	—	(1)	(4)
Income from discontinued operations attributable to MPT common stockholders	9,784	2,696	14,139
Net income, less participating securities' share in earnings	$ 21,659	$ 34,824	$ 30,955
Denominator:			
Basic weighted-average common shares	100,706	78,117	62,027
Dilutive stock options	2	—	8
Diluted weighted-average common shares	100,708	78,117	62,035

For each of the years ended December 31, 2010, 2009, and 2008, 0.1 million of options were excluded from the diluted earnings per share calculation as they were not determined to be dilutive. Shares that may be issued in the future in accordance with our exchangeable senior notes were excluded from the diluted earnings per share calculation as they were not determined to be dilutive.

7. Stock Awards

We have adopted the Second Amended and Restated Medical Properties Trust, Inc. 2004 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. The Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. We have reserved 7,441,180 shares of common stock for awards under the Equity Incentive Plan for which 3,716,379 shares remain available for future stock awards as of December 31, 2010. The Equity Incentive Plan contains a limit of 1,000,000 shares as the maximum number of shares of common stock that may be awarded to an individual in any fiscal year. Awards under the Equity Incentive Plan are subject to forfeiture due to termination of employment prior to vesting. In the event of a change in control, outstanding and unvested options will immediately vest, unless otherwise provided in the participant's award or employment agreement, and restricted stock, restricted stock units, deferred stock units and other stock-based awards will vest if so provided in the participant's award agreement. The term of the awards is set by the Compensation Committee, though Incentive Stock Options may not have terms of more than ten years. Forfeited awards are returned to the Equity Incentive Plan and are then available to be re-issued as future awards.

We awarded 50,000 common stock options in 2007, with an exercise price and estimated grant date fair values of $12.09 and $1.36 per option, respectively. The options awarded in 2007 vest annually in equal amounts over three years from the date of award and expire in 2012. We use the Black-Scholes pricing model to calculate the fair values of the options awarded. In 2007, the following assumptions were used to derive the fair values: an option term of four years; expected volatility of 28.34%; a weighted average risk-free rate of return of 4.62%; and a dividend yield of 8.93%. The intrinsic value of options exercisable and outstanding at December 31, 2010, is $-0-. No options were granted, exercised, or forfeited in 2010, 2009, or 2008. At December 31, 2010, we had 130,000 options outstanding and exercisable, with a weighted-average exercise price of $10.80 per option. The weighted average remaining contractual term of options exercisable and outstanding is 3.0 years.

Other stock-based awards are in the form of service-based awards and performance-based awards. The service-based awards vest as the employee provides the required service over periods that generally range from three to seven years. Service based awards are valued at the average price per share of common stock on the date of grant. In 2006, 2007, and 2010, the Compensation Committee made awards which vest based on us achieving certain performance levels, stock price levels, total shareholder return or comparison to peer total return indices. The 2010 awards are based on us achieving a simple 9.5% annual total shareholder return over a three year period; however, the award contains both carry forward and carry back provisions through December 31, 2014. The 2006 awards are based on us achieving levels of total shareholder return compared to an industry index.

The 2007 awards were granted under our 2007 Multi-year Incentive Plan ("MIP") adopted by the Compensation Committee and consist of three components: service-based awards, core performance awards ("CPRE"), and superior performance awards ("SPRE"). The service-based awards vest annually and ratably over a seven-year period beginning December 31, 2007. The CPRE awards also vest annually and ratably over the same seven-year period contingent upon our achievement of a simple 9% annual total return to shareholders (pro-rated to 7.5% for the first vesting period ending December 31, 2007). In years in which the annual total return exceeds 9%, the excess return may be used to earn CPRE awards not earned in a prior or future year. SPRE awards were to be earned based on achievement of specified share price thresholds during the period beginning March 1, 2007 through December 31, 2010, and were to vest annually and ratably over the subsequent three-year period (2011-2013). At December 31, 2010, the share price thresholds were not met. However, in accordance with the SPRE award agreements, 33.334% of the SPRE awards were earned as we performed at or above the 50th percentile of all real estate investment trusts included in the Morgan Stanley REIT Index in terms of total return to shareholders over the same period. The other 66.666% of the SPRE awards were deemed forfeited. All unvested 2007 MIP awards provide for payment of dividends and other non-liquidating distributions, except that the SPRE awards, prior to the awards being earned, pay dividends at 20% of the per share dividend amount. The 2007 MIP awards were made in the form of restricted shares and a new class of partnership units in our Operating Partnership ("LTIP units"). The LTIP units that are earned may eventually be converted, at our election, into either shares of common stock on a one-for-one basis or their equivalent in cash. We have valued our LTIP awards at the same per unit value as a corresponding restricted stock award. We used an independent valuation consultant to assist us in determining the value of the 2007 MIP awards' CPRE and SPRE components using a Monte Carlo simulation. The following assumptions were used to derive the fair values for the SPRE and CPRE, respectively: term — 3.4 years and 6.4 years; expected (implied) volatility 27.00% and 26.00%; risk-free rate of return 4.55% and 4.65%; and, dividends — $1.08 in 2007, $1.10 in 2008, $1.13 in 2009, and 3% annual increase thereafter through 2013. In addition to the SPRE awards noted earlier, 79,287 shares/LTIP units were earned in 2010 under the CPRE award. For 2009, 79,287 shares/LTIP units were earned under the CPRE award, but no SPRE awards were earned.

The following summarizes restricted equity awards activity in 2010 and 2009, respectively:

For the Year Ended December 31, 2010:

	Vesting Based on Service		Vesting Based on Market/ Performance Conditions	
	Shares	Weighted Average Value at Award Date	Shares	Weighted Average Value at Award Date
Nonvested awards at beginning of the year	962,350	$ 10.22	1,301,088	$ 6.90
Awarded	277,680	$ 10.39	182,600	$ 9.25
Vested	(454,323)	$ 9.97	(175,279)	$ 10.64
Forfeited	(2,402)	$ 8.66	(480,000)	$ 3.31
Nonvested awards at end of year	783,305	$ 10.43	828,409	$ 8.70

For the Year Ended December 31, 2009:

	Vesting Based on Service		Vesting Based on Market/ Performance Conditions	
	Shares	Weighted Average Value at Award Date	Shares	Weighted Average Value at Award Date
Nonvested awards at beginning of the year	828,106	$ 12.24	1,380,375	$ 7.15
Awarded	441,134	$ 6.30	—	$ —
Vested	(299,167)	$ 10.08	(79,287)	$ 11.29
Forfeited	(7,723)	$ 8.16	—	$ —
Nonvested awards at end of year	962,350	$ 10.22	1,301,088	$ 6.90

The value of stock-based awards is charged to compensation expense over the vesting periods. In the years ended December 31, 2010, 2009 and 2008, we recorded $6.6 million, $5.5 million, and $6.4 million respectively, of non-cash compensation expense. The remaining unrecognized cost from restricted equity awards at December 31, 2010, is $9.6 million and will be recognized over a weighted average period of 2.4 years. Restricted equity awards which vested in 2010 had a value of $6.1 million on the vesting dates.

8. Commitments and Contingencies

Our operating leases primarily consist of ground leases on which certain of our facilities or other related property reside along with corporate office and equipment leases. These ground leases are long-term leases and some contain escalation provisions. Properties subject to these ground leases are subleased to our tenants. Lease and rental expense for 2010, 2009 and 2008, respectively, were $989,170, $859,570, and $919,735, which was offset by sublease rental income of $520,090, $520,090, and $498,733 for 2010, 2009, and 2008, respectively.

Fixed minimum payments due under operating leases with non-cancelable terms of more than one year at December 31, 2010 are as follows: (amounts in thousands)

2011	$ 2,128
2012	2,135
2013	2,021
2014	1,657
2015	1,657
Thereafter	38,971
	$ 48,569

The total amount to be received in the future from non-cancellable subleases at December 31, 2010, is $31.1 million.

In November 2009, we reached an agreement to settle all of the claims asserted by Stealth, L.P. in previously disclosed litigation concerning the termination of leases of the Houston Town and Country Hospital and medical office building in October 2006, with the exception of a single contract claim for which Memorial Hermann Healthcare System had agreed to provide indemnification. Claims separately asserted against us by six of Stealth L.P.'s limited partners were not affected by the settlement. In January 2010, Memorial Hermann settled all claims asserted by Stealth including the single contract claim against us at no additional cost to us.

The settlement with Stealth did not affect certain contract and tort claims asserted by six of Stealth's limited partners. As part of the settlement in November, however, Stealth indemnified us for any judgment amount and certain defense-related costs that we incurred. During the first quarter of 2010, these claims were tried in Harris County District Court in Houston, Texas, and the jury found against the plaintiffs on all claims. In the second quarter 2010, we settled the indemnification claim with Stealth resulting in $875,000 of proceeds to cover these defense costs, which we recorded as a reduction of legal expenses in June 2010.

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

9. Common Stock

In April 2010, we completed a public offering of 26 million shares of common stock at $9.75 per share. Including the underwriters' purchase of 3.9 million additional shares to cover over allotments, net proceeds from the offering, after underwriting discount and commissions, were $279.1 million. We used the net proceeds from the offering to fund our refinancing activities as discussed in Note 4 with any remaining proceeds to be used for general corporate purposes including funding acquisitions during 2010.

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

In November 2009, we put an at-the-market program in place, and we have the ability to sell up to $50 million of stock under that plan. During the fourth quarter of 2009, we sold 30,000 shares at an average price per share of $10.25 resulting in a proceeds, net of a 2% sales agent commission, of $0.3 million.

On January 9, 2009, we filed Articles of Amendment to our charter with the Maryland State Department of Assessments and Taxation increasing the number of authorized shares of common stock, par value $0.001 per share available for issuance from 100,000,000 to 150,000,000.

In January 2009, we completed a public offering of 12.0 million shares of our common stock at $5.40 per share. Including the underwriters' purchase of 1.3 million additional shares to cover over allotments, net proceeds from this offering, after underwriting discount and commissions, were $67.8 million. The net proceeds of this offering were generally used to repay borrowings outstanding under our revolving credit facilities.

In March 2008, we sold 12,650,000 shares of common stock at a price of $10.75 per share. After deducting underwriters commissions and offering expenses, we realized proceeds of $128.3 million.

10. Fair Value of Financial Instruments

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

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

	December 31, 2010		December 31, 2009	
Asset (Liability)	Book Value	Fair Value	Book Value	Fair Value
Interest and rent receivables	$ 26,176	$ 20,265	$ 19,845	$ 16,712
Loans	215,985	209,126	311,006	299,123
Debt, net	(369,970)	(359,910)	(576,678)	(547,242)

11. Discontinued Operations

In the fourth quarter 2010, we sold the real estate of our Montclair Hospital, an acute care medical center to Prime for proceeds of $20.0 million. We realized a gain on the sale of $2.2 million. In October of 2010, we sold the real estate of our Sharpstown hospital in Houston, Texas to a third party for proceeds of $3.0 million resulting in a gain of $0.7 million. In the second quarter of 2010, we sold the real estate of our Inglewood Hospital, a 369-bed acute care medical center located in Inglewood, California, to Prime for $75 million resulting in a gain of approximately $6 million. Due to these sales, we have reclassified these assets to Real Estate Held for Sale in our accompanying Consolidated Balance Sheet at December 31, 2009 and reclassified the related operating results to discontinued operations for the current and prior periods.

In the fourth quarter of 2009, we sold the real estate of a general acute hospital to Prime for proceeds of approximately $15 million. The sale was completed on December 28, 2009, resulting in a gain on the sale of $0.3 million. Due to this sale, we have reclassified the assets of this property to Real Estate Held for Sale in the accompanying Consolidated Balance Sheet, which approximated $15.0 million at December 31, 2008.

In the second quarter of 2008, we sold the real estate assets of three inpatient rehabilitation facilities to Vibra for proceeds of approximately $105 million, including $7.0 million in early lease termination fees and $8.0 million of a loan pre-payment. The sale was completed on May 7, 2008, resulting in a gain on the sale of $9.3 million. We also wrote off $9.5 million in related straight-line rent receivables upon completion of the sales.

In 2006, we terminated leases for a hospital and medical office building ("MOB") complex and repossessed the real estate. In January 2007, we sold the hospital and MOB complex and recorded a gain on the sale of real estate of $4.1 million. During the period between termination of the lease and sale of the real estate, we substantially funded through loans the working capital requirements of the hospital's operator pending the operator's collection of patient receivables from Medicare and other sources. At December 31, 2007, we had $4.2 million in working capital loans included in assets of discontinued operations on the consolidated balance sheet. In July 2008, we received from Medicare the substantial remainder of amounts that we expect to collect and based thereon wrote off in the second quarter of 2008 $2.1 million (net of $1.2 million in tax benefits) of remaining uncollectible receivables from the operator. We were defendants in litigation related to this discontinued operation and it resulted in a significant amount of legal expenses in 2009 and 2008 including a settlement of $2.7 million reached in the 2009 fourth quarter.

We have classified current and prior year activity related to these transactions, along with the related operating results of the facilities prior to these transactions taking place, as discontinued operations.

The following table presents the results of discontinued operations for the years ended December 31, 2010, 2009 and 2008 (in thousands except per share amounts):

	For the Years Ended December 31,		
	2010	2009	2008
Revenues	$ 3,838	$ 3,269	$ 12,970
Gain on sale	9,072	278	9,305
Income from discontinued operations	9,784	2,697	14,143
Income from discontinued operations attributable to MPT common stockholders — diluted per share	$ 0.10	$ 0.04	$ 0.23

12. Quarterly Financial Data (unaudited)

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 2010 and 2009: (amounts in thousands, except for per share data)

	For the Three Month Periods in 2010 Ended			
	March 31	June 30	September 30	December 31
Revenues	$ 30,858	$ 30,593	$ 28,644	$ 31,752
Income (loss) from continuing operations	(3,439)	(305)	8,663	8,309
Income from discontinued operations	625	6,537	301	2,321
Net income (loss)	(2,814)	6,232	8,964	10,630
Net income (loss) attributable to MPT common stockholders	(2,822)	6,223	8,919	10,593
Net income (loss) attributable to MPT common stockholders per share — basic	$ (0.04)	$ 0.06	$ 0.08	$ 0.09
Weighted average shares outstanding — basic	79,176	103,498	110,046	110,103
Net income (loss) attributable to MPT common stockholders per share — diluted	$ (0.04)	$ 0.06	$ 0.08	$ 0.09
Weighted average shares outstanding — diluted	79,176	103,498	110,046	110,108

	For the Three Month Periods in 2009 Ended			
	March 31	June 30	September 30	December 31
Revenues	$ 29,460	$ 28,640	$ 30,639	$ 30,070
Income from continuing operations	8,207	6,608	9,525	9,330
Income (loss) from discontinued operations	2,511	1,251	859	(1,924)
Net income	10,718	7,859	10,384	7,406
Net income attributable to MPT common stockholders	10,710	7,846	10,374	7,400
Net income attributable to MPT common stockholders per share — basic	$ 0.14	$ 0.09	$ 0.13	$ 0.09
Weighted average shares outstanding — basic	76,432	78,616	78,655	78,755
Net income attributable to MPT common stockholders per share — diluted	$ 0.14	$ 0.09	$ 0.13	$ 0.09
Weighted average shares outstanding — diluted	76,432	78,616	78,655	78,755

13. Subsequent Events

As of February 24, 2011, we invested $195 million in health care real estate using cash on-hand and proceeds from our existing revolving credit facilities. We have not yet completed the purchase price allocations for these acquired properties; therefore, we cannot provide the normal disclosures required for such acquisitions at this time.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have adopted and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply our 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 period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be disclosed by us in the reports that we file with the SEC.

Changes in Internal Controls over Financial Reporting

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.

Management's Report on Internal Control over Financial Reporting

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

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

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

In connection with the preparation of our annual financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2010. The assessment was based upon the framework described in the "Integrated Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management's assessment included an evaluation of the design of internal control over financial reporting and testing of the operational effectiveness of internal control over financial reporting. We have reviewed the results of the assessment with the Audit Committee of our Board of Directors.

Based on our assessment under the criteria set forth in COSO, management has concluded that, as of December 31, 2010, Medical Properties Trust, Inc. maintained effective internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Performance Graph

The following graph provides comparison of cumulative total stockholder return for the period from December 31, 2005 through December 31, 2010, among Medical Properties Trust, Inc., the Russell 2000 Index, NAREIT Equity REIT Index, and SNL US REIT Healthcare Index. The stock performance graph assumes an investment of $100 in each of Medical Properties Trust, Inc. and the three indices, and the reinvestment of dividends. The historical information below is not necessarily indicative of future performance.

Total Return Performance

	Period Ending					
Index	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
Medical Properties Trust, Inc	100.00	169.37	122.43	83.74	150.20	175.70
Russell 2000	100.00	118.37	116.51	77.15	98.11	124.46
NAREIT All Equity REIT Index	100.00	135.06	113.87	70.91	90.76	116.12
SNL US REIT Healthcare Index	100.00	144.86	146.95	130.84	167.13	199.42

Corporate and Shareholder Information

Executive Officers

Edward K. Aldag, Jr. – Chairman, President and Chief Executive Officer
R. Steven Hamner – Executive Vice President and Chief Financial Officer
Emmett E. McLean – Executive Vice President, Chief Operating Officer, Treasurer and Secretary

Directors

Edward K. Aldag, Jr. – Chairman, President and Chief Executive Officer
William G. McKenzie – Vice Chairman of Medical Properties Trust;
President and Chief Executive Officer, Gilliard Health Services, Inc.
R. Steven Hamner – Executive Vice President and Chief Financial Officer
Robert E. Holmes, PhD – Retired Professor of Management, Dean, and Wachovia Chair
of Business Administration at the University of Alabama at Birmingham School of Business
G. Steven Dawson – Private Investor
L. Glenn Orr, Jr. – Chairman, Orr Holdings, LLC
Sherry A. Kellett – Former Corporate Controller, BB&T Corporation

Legal Counsel

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC – Birmingham, AL
Goodwin Procter, LLP – Boston, MA

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP – Birmingham, AL

Annual Meeting

The Annual Meeting of Shareholders of Medical Properties Trust, Inc. is scheduled for May 19, 2011 at 10:30 am C.D.T., The Summit Club, 1901 Sixth Avenue North, Suite 3100, Birmingham, AL 35203.

Certifications

Medical Properties Trust, Inc.'s Chief Executive Officer and Chief Financial Officer have filed their certifications required by the SEC regarding the quality of the company's public disclosure (these are included in the 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission). Further, the company's Chief Executive Officer has certified to the NYSE that he is not aware of any violation by Medical Properties Trust, Inc. of NYSE corporate governance listing standards, as required by Section 303A.12(a) of the NYSE listing standards.

Corporate Office

Medical Properties Trust, Inc.
1000 Urban Center Drive, Suite 501
Birmingham, AL 35242
(205) 969-3755 (205) 969-3756 fax
www.medicalpropertiestrust.com

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Transfer Agent and Registrar

American Stock Transfer & Trust Company
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