

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

FORM 10-Q

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

For the quarterly period ended June 30, 2025

OR

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

For the transition period from _____ to _____

Commission file number 001-32559

Commission file number 333-177186

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

MARYLAND
DELAWARE
(State or other jurisdiction of
incorporation or organization)

20-0191742
20-0242069
(I. R. S. Employer
Identification No.)

1000 URBAN CENTER DRIVE, SUITE 501
BIRMINGHAM, AL
(Address of principal executive offices)

35242
(Zip Code)

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

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

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

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

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

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

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

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

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

As of August 5, 2025, Medical Properties Trust, Inc. had 601.1 million shares of common stock, par value \$0.001, outstanding.

EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the three and six months ended June 30, 2025 of Medical Properties Trust, Inc., a Maryland corporation, and MPT Operating Partnership, L.P., a Delaware limited partnership, through which Medical Properties Trust, Inc. conducts substantially all of its operations. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” “Medical Properties,” “MPT,” or the “Company” refer to Medical Properties Trust, Inc. together with its consolidated subsidiaries, including MPT Operating Partnership, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to “operating partnership” refer to MPT Operating Partnership, L.P. together with its consolidated subsidiaries.

**MEDICAL PROPERTIES TRUST, INC. AND MPT OPERATING PARTNERSHIP, L.P.
AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED June 30, 2025**

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)	June 30, 2025 (Unaudited)	December 31, 2024 (Note 2)
Assets		
Real estate assets		
Land, buildings and improvements, intangible lease assets, and other	\$ 11,892,237	\$ 11,259,842
Investment in financing leases	1,023,415	1,057,770
Real estate held for sale	—	34,019
Mortgage loans	123,887	119,912
Gross investment in real estate assets	13,039,539	12,471,543
Accumulated depreciation and amortization	(1,599,587)	(1,422,948)
Net investment in real estate assets	11,439,952	11,048,595
Cash and cash equivalents	509,828	332,335
Interest and rent receivables	28,644	36,327
Straight-line rent receivables	825,845	700,783
Investments in unconsolidated real estate joint ventures	1,360,151	1,156,397
Investments in unconsolidated operating entities	323,383	439,578
Other loans	149,018	109,175
Other assets	513,607	471,404
Total Assets	\$ 15,150,428	\$ 14,294,594
Liabilities and Equity		
Liabilities		
Debt, net	\$ 9,649,035	\$ 8,848,112
Accounts payable and accrued expenses	494,783	454,209
Deferred revenue	23,513	29,445
Obligations to tenants and other lease liabilities	149,287	129,045
Total Liabilities	10,316,618	9,460,811
Equity		
Preferred stock, \$0.001 par value. Authorized 10,000 shares; no shares outstanding	—	—
Common stock, \$0.001 par value. Authorized 750,000 shares; issued and outstanding — 600,814 shares at June 30, 2025 and 600,403 shares at December 31, 2024	601	600
Additional paid-in capital	8,598,211	8,584,917
Retained deficit	(3,971,824)	(3,658,516)
Accumulated other comprehensive income (loss)	205,768	(94,272)
Total Medical Properties Trust, Inc. stockholders' equity	4,832,756	4,832,729
Non-controlling interests	1,054	1,054
Total Equity	4,833,810	4,833,783
Total Liabilities and Equity	\$ 15,150,428	\$ 14,294,594

See accompanying notes to condensed consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Net Income
(Unaudited)

(In thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Rent billed	\$ 177,860	\$ 183,764	\$ 343,050	\$ 383,063
Straight-line rent	39,665	38,381	79,792	83,117
Income from financing leases	9,923	27,641	19,828	44,034
Interest and other income	12,911	16,774	21,488	27,662
Total revenues	240,359	266,560	464,158	537,876
Expenses				
Interest	129,709	101,430	245,510	210,115
Real estate depreciation and amortization	66,717	102,240	131,289	177,826
Property-related	10,863	7,663	17,898	12,481
General and administrative	26,197	35,327	68,108	68,675
Total expenses	233,486	246,660	462,805	469,097
Other (expense) income				
Gain on sale of real estate	5,212	384,824	13,271	383,401
Real estate and other impairment charges, net	(1,421)	(137,419)	(77,523)	(830,507)
Earnings (loss) from equity interests	25,324	(401,757)	39,310	(391,208)
Debt refinancing and unutilized financing benefit (costs)	181	(2,964)	(3,615)	(2,964)
Other (including fair value adjustments on securities)	(124,434)	(167,686)	(169,640)	(397,031)
Total other expense	(95,138)	(325,002)	(198,197)	(1,238,309)
Loss before income tax	(88,265)	(305,102)	(196,844)	(1,169,530)
Income tax expense	(9,803)	(14,557)	(19,240)	(25,506)
Net loss	(98,068)	(319,659)	(216,084)	(1,195,036)
Net income attributable to non-controlling interests	(289)	(976)	(548)	(1,224)
Net loss attributable to MPT common stockholders	<u>\$ (98,357)</u>	<u>\$ (320,635)</u>	<u>\$ (216,632)</u>	<u>\$ (1,196,260)</u>
Earnings per common share — basic and diluted				
Net loss attributable to MPT common stockholders	<u>\$ (0.16)</u>	<u>\$ (0.54)</u>	<u>\$ (0.36)</u>	<u>\$ (1.99)</u>
Weighted average shares outstanding — basic	<u>600,814</u>	<u>600,057</u>	<u>600,733</u>	<u>600,181</u>
Weighted average shares outstanding — diluted	<u>600,814</u>	<u>600,057</u>	<u>600,733</u>	<u>600,181</u>
Dividends declared per common share	<u>\$ 0.08</u>	<u>\$ 0.30</u>	<u>\$ 0.16</u>	<u>\$ 0.30</u>

See accompanying notes to condensed consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

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

(In thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$ (98,068)	\$ (319,659)	\$ (216,084)	\$ (1,195,036)
Other comprehensive income (loss):				
Unrealized loss on interest rate hedges, net of tax	(193)	(3,479)	(4,208)	(6,276)
Reclassification of interest rate swap gain from AOCI to earnings, net of tax	—	(4,005)	—	(4,005)
Foreign currency translation gain (loss)	210,781	(7,588)	304,248	(66,130)
Total comprehensive income (loss)	112,520	(334,731)	83,956	(1,271,447)
Comprehensive income attributable to non-controlling interests	(289)	(976)	(548)	(1,224)
Comprehensive income (loss) attributable to MPT common stockholders	<u>\$ 112,231</u>	<u>\$ (335,707)</u>	<u>\$ 83,408</u>	<u>\$ (1,272,671)</u>

See accompanying notes to condensed consolidated financial statements.

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Equity
(Unaudited)

	<u>Preferred</u>		<u>Common</u>						
(In thousands, except per share amounts)	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>	<u>Additional Paid-in Capital</u>	<u>Retained Deficit</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Non-Controlling Interests</u>	<u>Total Equity</u>
Balance at December 31, 2024	<u>—</u>	<u>\$ —</u>	<u>600,403</u>	<u>\$ 600</u>	<u>\$ 8,584,917</u>	<u>\$ (3,658,516)</u>	<u>\$ (94,272)</u>	<u>\$ 1,054</u>	<u>\$ 4,833,783</u>
Net (loss) income	—	—	—	—	—	(118,275)	—	259	(118,016)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	—	—	(4,015)	—	(4,015)
Foreign currency translation gain	—	—	—	—	—	—	93,467	—	93,467
Stock vesting and amortization of stock-based compensation	—	—	267	—	5,794	—	—	—	5,794
Stock vesting - satisfaction of tax withholdings	—	—	(75)	—	(289)	—	—	—	(289)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(259)	(259)
Dividends declared (\$0.08 per common share)	—	—	—	—	—	(48,387)	—	—	(48,387)
Balance at March 31, 2025	<u>—</u>	<u>\$ —</u>	<u>600,595</u>	<u>\$ 600</u>	<u>\$ 8,590,422</u>	<u>\$ (3,825,178)</u>	<u>\$ (4,820)</u>	<u>\$ 1,054</u>	<u>\$ 4,762,078</u>
Net (loss) income	—	—	—	—	—	(98,357)	—	289	(98,068)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	—	—	(193)	—	(193)
Foreign currency translation gain	—	—	—	—	—	—	210,781	—	210,781
Offering costs	—	—	—	—	(101)	—	—	—	(101)
Stock vesting and amortization of stock-based compensation	—	—	306	1	8,346	—	—	—	8,347
Stock vesting - satisfaction of tax withholdings	—	—	(87)	—	(456)	—	—	—	(456)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(289)	(289)
Dividends declared (\$0.08 per common share)	—	—	—	—	—	(48,289)	—	—	(48,289)
Balance at June 30, 2025	<u>—</u>	<u>\$ —</u>	<u>600,814</u>	<u>\$ 601</u>	<u>\$ 8,598,211</u>	<u>\$ (3,971,824)</u>	<u>\$ 205,768</u>	<u>\$ 1,054</u>	<u>\$ 4,833,810</u>

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

See accompanying notes to condensed consolidated financial statements.

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

	For the Six Months Ended June 30,	
	2025	2024
	(In thousands)	
Operating activities		
Net loss	\$ (216,084)	\$ (1,195,036)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	133,669	181,071
Amortization of deferred financing costs and debt discount	12,502	7,489
Straight-line rent revenue from operating and finance leases	(82,758)	(86,650)
Stock-based compensation	18,522	16,154
Gain on sale of real estate	(13,271)	(383,401)
Real estate and other impairment charges, net	81,479	833,512
Equity interest real estate impairment	—	410,790
Debt refinancing and unutilized financing costs	3,615	2,964
Tax rate changes and other	1,121	4,588
Non-cash fair value adjustments	135,436	380,523
Other adjustments	(5,315)	10,604
Changes in:		
Interest and rent receivables	4,565	(74)
Other assets	(3,301)	(28,415)
Accounts payable and accrued expenses	(11,878)	(34,262)
Deferred revenue	(6,171)	(10,256)
Net cash provided by operating activities	52,131	109,601
Investing activities		
Cash paid for acquisitions and other related investments	(102,329)	(105,618)
Net proceeds from sale of real estate	47,918	1,513,350
Proceeds received from sale and repayment of loans receivable	3,000	114,416
Investment in loans receivable	(52,435)	(316,000)
Construction in progress and other	(40,623)	(45,081)
Proceeds from sale and return of equity investments	—	11,656
Capital additions and other investments, net	(17,265)	(89,870)
Net cash (used for) provided by investing activities	(161,734)	1,082,853
Financing activities		
Proceeds from term debt	2,512,970	804,188
Payments of term debt	(2,252,731)	(569,125)
Revolving credit facility, net	156,530	(812,312)
Dividends paid	(96,548)	(182,573)
Lease deposits and other obligations to tenants	1,970	8,501
Offering costs	(101)	—
Stock vesting - satisfaction of tax withholdings	(745)	(2,833)
Payment of debt refinancing and deferred financing costs and other financing activities	(49,822)	(77,288)
Net cash provided by (used for) financing activities	271,523	(831,442)
Increase in cash, cash equivalents, and restricted cash for period	161,920	361,012
Effect of exchange rate changes	15,815	(5,799)
Cash, cash equivalents, and restricted cash at beginning of period	335,173	255,952
Cash, cash equivalents, and restricted cash at end of period	\$ 512,908	\$ 611,165
Interest paid	\$ 220,281	\$ 254,857
Supplemental schedule of non-cash financing activities:		
Dividends declared, unpaid	\$ 48,292	\$ 90,336
Cash, cash equivalents, and restricted cash are comprised of the following:		
Beginning of period:		
Cash and cash equivalents	\$ 332,335	\$ 250,016
Restricted cash, included in Other assets	2,838	5,936
	<u>\$ 335,173</u>	<u>\$ 255,952</u>
End of period:		
Cash and cash equivalents	\$ 509,828	\$ 606,550
Restricted cash, included in Other assets	3,080	4,615
	<u>\$ 512,908</u>	<u>\$ 611,165</u>

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands)	June 30, 2025 (Unaudited)	December 31, 2024 (Note 2)
Assets		
Real estate assets		
Land, buildings and improvements, intangible lease assets, and other	\$ 11,892,237	\$ 11,259,842
Investment in financing leases	1,023,415	1,057,770
Real estate held for sale	—	34,019
Mortgage loans	123,887	119,912
Gross investment in real estate assets	13,039,539	12,471,543
Accumulated depreciation and amortization	(1,599,587)	(1,422,948)
Net investment in real estate assets	11,439,952	11,048,595
Cash and cash equivalents	509,828	332,335
Interest and rent receivables	28,644	36,327
Straight-line rent receivables	825,845	700,783
Investments in unconsolidated real estate joint ventures	1,360,151	1,156,397
Investments in unconsolidated operating entities	323,383	439,578
Other loans	149,018	109,175
Other assets	513,607	471,404
Total Assets	\$ 15,150,428	\$ 14,294,594
Liabilities and Capital		
Liabilities		
Debt, net	\$ 9,649,035	\$ 8,848,112
Accounts payable and accrued expenses	446,101	405,655
Deferred revenue	23,513	29,445
Obligations to tenants and other lease liabilities	149,287	129,045
Payable due to Medical Properties Trust, Inc.	48,292	48,164
Total Liabilities	10,316,228	9,460,421
Capital		
General Partner — issued and outstanding — 6,010 units at June 30, 2025 and 6,006 units at December 31, 2024	46,346	49,348
Limited Partners — issued and outstanding — 594,804 units at June 30, 2025 and 594,397 units at December 31, 2024	4,581,032	4,878,043
Accumulated other comprehensive income (loss)	205,768	(94,272)
Total MPT Operating Partnership, L.P. capital	4,833,146	4,833,119
Non-controlling interests	1,054	1,054
Total Capital	4,834,200	4,834,173
Total Liabilities and Capital	\$ 15,150,428	\$ 14,294,594

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Net Income
(Unaudited)

(In thousands, except per unit amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Rent billed	\$ 177,860	\$ 183,764	\$ 343,050	\$ 383,063
Straight-line rent	39,665	38,381	79,792	83,117
Income from financing leases	9,923	27,641	19,828	44,034
Interest and other income	12,911	16,774	21,488	27,662
Total revenues	240,359	266,560	464,158	537,876
Expenses				
Interest	129,709	101,430	245,510	210,115
Real estate depreciation and amortization	66,717	102,240	131,289	177,826
Property-related	10,863	7,663	17,898	12,481
General and administrative	26,197	35,327	68,108	68,675
Total expenses	233,486	246,660	462,805	469,097
Other (expense) income				
Gain on sale of real estate	5,212	384,824	13,271	383,401
Real estate and other impairment charges, net	(1,421)	(137,419)	(77,523)	(830,507)
Earnings (loss) from equity interests	25,324	(401,757)	39,310	(391,208)
Debt refinancing and unutilized financing benefit (costs)	181	(2,964)	(3,615)	(2,964)
Other (including fair value adjustments on securities)	(124,434)	(167,686)	(169,640)	(397,031)
Total other expense	(95,138)	(325,002)	(198,197)	(1,238,309)
Loss before income tax	(88,265)	(305,102)	(196,844)	(1,169,530)
Income tax expense	(9,803)	(14,557)	(19,240)	(25,506)
Net loss	(98,068)	(319,659)	(216,084)	(1,195,036)
Net income attributable to non-controlling interests	(289)	(976)	(548)	(1,224)
Net loss attributable to MPT Operating Partnership partners	\$ (98,357)	\$ (320,635)	\$ (216,632)	\$ (1,196,260)
Earnings per unit — basic and diluted				
Net loss attributable to MPT Operating Partnership partners	\$ (0.16)	\$ (0.54)	\$ (0.36)	\$ (1.99)
Weighted average units outstanding — basic	600,814	600,057	600,733	600,181
Weighted average units outstanding — diluted	600,814	600,057	600,733	600,181
Dividends declared per unit	\$ 0.08	\$ 0.30	\$ 0.16	\$ 0.30

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

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

(In thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$ (98,068)	\$ (319,659)	\$ (216,084)	\$ (1,195,036)
Other comprehensive income (loss):				
Unrealized loss on interest rate hedges, net of tax	(193)	(3,479)	(4,208)	(6,276)
Reclassification of interest rate swap gain from AOCI to earnings, net of tax	—	(4,005)	—	(4,005)
Foreign currency translation gain (loss)	210,781	(7,588)	304,248	(66,130)
Total comprehensive income (loss)	112,520	(334,731)	83,956	(1,271,447)
Comprehensive income attributable to non-controlling interests	(289)	(976)	(548)	(1,224)
Comprehensive income (loss) attributable to MPT Operating Partnership partners	<u>\$ 112,231</u>	<u>\$ (335,707)</u>	<u>\$ 83,408</u>	<u>\$ (1,272,671)</u>

See accompanying notes to condensed consolidated financial statements.

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Condensed Consolidated Statements of Capital (Unaudited)

	General Partner		Limited Partners		Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests	Total Capital
(In thousands, except per unit amounts)	Units	Unit Value	Units	Unit Value			
Balance at December 31, 2024	6,006	\$ 49,348	594,397	\$ 4,878,043	\$ (94,272)	\$ 1,054	\$ 4,834,173
Net (loss) income	—	(1,183)	—	(117,092)	—	259	(118,016)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	(4,015)	—	(4,015)
Foreign currency translation gain	—	—	—	—	93,467	—	93,467
Unit vesting and amortization of unit-based compensation	3	58	264	5,736	—	—	5,794
Unit vesting - satisfaction of tax withholdings	(1)	(3)	(74)	(286)	—	—	(289)
Distributions to non-controlling interests	—	—	—	—	—	(259)	(259)
Distributions declared (\$0.08 per unit)	—	(484)	—	(47,903)	—	—	(48,387)
Balance at March 31, 2025	6,008	\$ 47,736	594,587	\$ 4,718,498	\$ (4,820)	\$ 1,054	\$ 4,762,468
Net (loss) income	—	(984)	—	(97,373)	—	289	(98,068)
Unrealized loss on interest rate hedges, net of tax	—	—	—	—	(193)	—	(193)
Foreign currency translation gain	—	—	—	—	210,781	—	210,781
Offering costs	—	(1)	—	(100)	—	—	(101)
Unit vesting and amortization of unit-based compensation	3	83	303	8,264	—	—	8,347
Unit vesting - satisfaction of tax withholdings	(1)	(5)	(86)	(451)	—	—	(456)
Distributions to non-controlling interests	—	—	—	—	—	(289)	(289)
Distributions declared (\$0.08 per unit)	—	(483)	—	(47,806)	—	—	(48,289)
Balance at June 30, 2025	6,010	\$ 46,346	594,804	\$ 4,581,032	\$ 205,768	\$ 1,054	\$ 4,834,200

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

See accompanying notes to condensed consolidated financial statements.

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

	For the Six Months Ended June 30,	
	2025	2024
	(In thousands)	
Operating activities		
Net loss	\$ (216,084)	\$ (1,195,036)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	133,669	181,071
Amortization of deferred financing costs and debt discount	12,502	7,489
Straight-line rent revenue from operating and finance leases	(82,758)	(86,650)
Unit-based compensation	18,522	16,154
Gain on sale of real estate	(13,271)	(383,401)
Real estate and other impairment charges, net	81,479	833,512
Equity interest real estate impairment	—	410,790
Debt refinancing and unutilized financing costs	3,615	2,964
Tax rate changes and other	1,121	4,588
Non-cash fair value adjustments	135,436	380,523
Other adjustments	(5,315)	10,604
Changes in:		
Interest and rent receivables	4,565	(74)
Other assets	(3,301)	(28,415)
Accounts payable and accrued expenses	(11,878)	(34,262)
Deferred revenue	(6,171)	(10,256)
Net cash provided by operating activities	52,131	109,601
Investing activities		
Cash paid for acquisitions and other related investments	(102,329)	(105,618)
Net proceeds from sale of real estate	47,918	1,513,350
Proceeds received from sale and repayment of loans receivable	3,000	114,416
Investment in loans receivable	(52,435)	(316,000)
Construction in progress and other	(40,623)	(45,081)
Proceeds from sale and return of equity investments	—	11,656
Capital additions and other investments, net	(17,265)	(89,870)
Net cash (used for) provided by investing activities	(161,734)	1,082,853
Financing activities		
Proceeds from term debt	2,512,970	804,188
Payments of term debt	(2,252,731)	(569,125)
Revolving credit facility, net	156,530	(812,312)
Distributions paid	(96,548)	(182,573)
Lease deposits and other obligations to tenants	1,970	8,501
Offering costs	(101)	-
Unit vesting - satisfaction of tax withholdings	(745)	(2,833)
Payment of debt refinancing and deferred financing costs and other financing activities	(49,822)	(77,288)
Net cash provided by (used for) financing activities	271,523	(831,442)
Increase in cash, cash equivalents, and restricted cash for period	161,920	361,012
Effect of exchange rate changes	15,815	(5,799)
Cash, cash equivalents, and restricted cash at beginning of period	335,173	255,952
Cash, cash equivalents, and restricted cash at end of period	\$ 512,908	\$ 611,165
Interest paid	\$ 220,281	\$ 254,857
Supplemental schedule of non-cash financing activities:		
Distributions declared, unpaid	\$ 48,292	\$ 90,336
Cash, cash equivalents, and restricted cash are comprised of the following:		
Beginning of period:		
Cash and cash equivalents	\$ 332,335	\$ 250,016
Restricted cash, included in Other assets	2,838	5,936
	<u>\$ 335,173</u>	<u>\$ 255,952</u>
End of period:		
Cash and cash equivalents	\$ 509,828	\$ 606,550
Restricted cash, included in Other assets	3,080	4,615
	<u>\$ 512,908</u>	<u>\$ 611,165</u>

See accompanying notes to condensed consolidated financial statements.

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

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization

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

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

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

Our business model facilitates acquisitions and recapitalizations, and allows operators of healthcare facilities to unlock the value of their real estate to fund facility improvements, technology upgrades, and other investments in operations. At June 30, 2025, we have investments in 392 facilities in 31 states in the U.S., in seven countries in Europe, and one country in South America. Our properties consist of general acute care hospitals, behavioral health facilities, post acute care facilities (including inpatient physical rehabilitation facilities and long-term acute care hospitals), and freestanding ER/urgent care facilities.

2. Summary of Significant Accounting Policies

Unaudited Interim Condensed Consolidated Financial Statements: The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information, including rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included. Operating results for the three and six months ended June 30, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. The condensed consolidated balance sheet at December 31, 2024 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements.

The preparation of our condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We believe the estimates and assumptions underlying our condensed consolidated financial statements are reasonable and supportable based on the information available as of June 30, 2025, (particularly as it relates to our assessments of the recoverability of our real estate, the ability of our tenants/borrowers to make lease/loan payments in accordance with their respective agreements, the fair value of our equity and loan investments, and the adequacy of our credit loss reserves on loans and financing receivables).

For information about significant accounting policies, and how actual results could differ from estimates, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes to these significant accounting policies.

Reclassifications

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

Variable Interest Entities

At June 30, 2025, we had loans and/or equity investments in certain variable interest entities ("VIEs"), which may also be tenants of our facilities. We have determined that we were not the primary beneficiary of these VIEs. The carrying value and classification of the related assets and maximum exposure to loss as a result of our involvement with these VIEs at June 30, 2025 are presented below (in thousands):

VIE Type	Carrying Amount(1)	Asset Type Classification	Maximum Loss Exposure(2)
Loans, net and equity investments	\$ 2,348	Investments in Unconsolidated Operating Entities	\$ 2,348
Loans, net	116,170	Mortgage and other loans	116,170

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

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

For the VIE types above, we do not consolidate the VIEs because we do not have the ability to control the activities (such as the day-to-day healthcare operations of our borrowers or investees) that most significantly impact the VIE's economic performance. As of June 30, 2025, we were not required to provide financial support through a liquidity arrangement or otherwise to our unconsolidated VIEs, including circumstances in which they could be exposed to further losses (e.g. cash short falls).

Recent Accounting Developments

Income Taxes

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

Disaggregation of Income Statement Expenses

In November 2024, FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03") to improve the disclosures about a public company's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. FASB further clarified the effective date in January 2025 with the issuance of ASU 2025-01, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. We are currently evaluating the potential impact of the adoption of this standard on our consolidated financial statements.

3. Real Estate and Other Activities

New Investments

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

	For the Six Months Ended June 30,	
	2025	2024
Land and land improvements	\$ 19,905	\$ —
Buildings	19,409	—
Investments in unconsolidated real estate joint ventures	63,015	107,908
Liabilities assumed	—	(2,290)
Total net assets acquired	<u>\$ 102,329</u>	<u>\$ 105,618</u>

2025 Activity

In April 2025, we invested approximately CHF 50 million (CHF 25 million of which is a short-term loan) in the Swiss Medical Network real estate joint venture, proceeds of which, along with fundings from our joint venture partner, were used to facilitate the acquisition of a general acute care facility.

In the first quarter of 2025, we funded approximately \$39 million to Steward Health Care System's ("Steward") secured lender to obtain control over certain real estate assets. As part of this transaction, Steward and its secured lenders agreed for Quorum Health ("Quorum"), one of the new tenants of the former Steward operated facilities as discussed below, to take over as manager of the transition services for the former Steward operated properties, including some that we do not own.

2024 Activity

On April 12, 2024, we sold our interests in five Utah hospitals for an aggregate agreed valuation of approximately \$1.2 billion to a newly formed joint venture (the "Utah partnership") with an institutional asset manager (the "Fund"), which we call the Utah Transaction, and we recognized a gain on real estate of approximately \$380 million, partially offset by a \$20 million write-off of unbilled straight-line rent receivables. We retained an approximately 25% interest in the Utah partnership valued initially at approximately \$108 million, which is being accounted for on the equity method on a quarterly lag basis and included in the "Investments in unconsolidated real estate joint ventures" line of the condensed consolidated balance sheets. The Fund purchased an approximate 75% interest in the Utah partnership for \$886 million. In conjunction with this transaction closing, the Utah partnership placed new non-recourse secured financing, providing \$190 million of additional cash to us. In total, the Utah Transaction generated \$1.1 billion of cash to us. The Utah lessee (an affiliate of CommonSpirit Health ("CommonSpirit")) may acquire the leased real estate at a price equal to the greater of fair market value and the approximate \$1.2 billion lease base at the fifth or tenth anniversary of the 2023 master lease commencement. We granted the Fund certain limited and conditional preferences based on the possible execution of the purchase option, which we accounted for as a derivative liability with an initial value of approximately \$2.3 million.

Development and Capital Addition Activities

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

Property	Commitment	Costs	Cost Remaining
		Paid as of June 30, 2025	
IMED Hospitales ("IMED") (Spain)	\$ 56,498	\$ 29,877	\$ 26,621
IMED (Spain)	41,211	35,654	5,557
Lifepoint Behavioral (Kansas)	20,183	16,761	3,422
Surgery Partners (Idaho)	15,993	13,345	2,648
Lifepoint Behavioral (Arizona)	10,659	5,320	5,339
Other (Various)	554	210	344
	<u>\$ 145,098</u>	<u>\$ 101,167</u>	<u>\$ 43,931</u>

We have two other development projects ongoing in Texas (Texarkana development) and Massachusetts (Norwood redevelopment). These are not highlighted above; however, we are presently completing construction to the stage where the building is "weathered in" and environmentally secure so as to physically protect our investment while we actively market the hospitals for sale or lease. As of June 30, 2025, we estimate that the cost to complete construction to this stage, plus costs of additional construction that

we believe will be more efficient if completed in the near-term (such as electing to accelerate completion of a parking structure at one hospital), approximates between \$50 million and \$55 million.

2025 Activity

During the first quarter of 2025, we completed construction and began recording rental income on a \$10.5 million capital addition project at an Arizona facility leased to Lifepoint Behavioral Health ("Lifepoint Behavioral").

2024 Activity

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

Disposals

2025 Activity

During the first six months of 2025, we completed the sale of three facilities and an ancillary facility for approximately \$48 million, resulting in a gain on real estate of \$13.3 million. These three facilities were held for sale at December 31, 2024.

2024 Activity

See Utah Transaction above for a discussion of the five Utah hospitals sold on April 12, 2024. On April 9, 2024, we sold five properties to Prime Healthcare Services, Inc. ("Prime") for total proceeds of approximately \$250 million along with a \$100 million interest-bearing mortgage loan (which was fully repaid on August 29, 2024). This transaction resulted in a gain on real estate of approximately \$53 million, partially offset by a non-cash straight-line rent write-off of approximately \$30 million.

As part of this sale transaction, we extended the lease maturity of four other facilities with Prime to 2044. This amended lease has inflation-based escalators, collared between 2% and 4% and a purchase option on or prior to August 26, 2028 for a value of \$238 million, which is greater than our net book value for these properties at June 30, 2025. After August 26, 2028, this option price reverts to \$260 million (subject to annual escalations).

During the first six months of 2024, we also completed the sale of three other facilities and two ancillary facilities for approximately \$7 million, resulting in a loss on real estate of approximately \$1.4 million.

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

Leasing Operations (Lessor)

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

For all of our properties subject to lease, we are the legal owner of the property and the tenant's right to use and possess such property is guided by the terms of a lease. At June 30, 2025, we account for all of these leases as operating leases, except where GAAP requires alternative classification, including leases on certain Ernest Health, Inc. ("Ernest") and Prospect Medical Holdings, Inc. ("Prospect") facilities that are accounted for as either direct financing or other financing type leases. The components of our total investment in financing leases consisted of the following (in thousands):

	As of June 30, 2025	As of December 31, 2024
Minimum lease payments receivable	\$ 580,646	\$ 591,142
Estimated unguaranteed residual values	203,818	203,818
Less: Unearned income and allowance for credit loss	(535,744)	(547,770)
Net investment in direct financing leases	248,720	247,190
Other financing leases (net of allowance for credit loss)	774,695	810,580
Total investment in financing leases	<u>\$ 1,023,415</u>	<u>\$ 1,057,770</u>

Other Leasing Activities

At June 30, 2025, our vacant properties represented less than 1% of total assets. We are in various stages of either re-leasing or selling these vacant properties.

Our tenants' financial performance and resulting ability to satisfy their lease and loan obligations to us are material to our financial results and our ability to service our debt and make distributions to our stockholders. Our tenants operate in the healthcare industry, which is highly regulated, and changes in regulation (or delays in enacting regulation) may temporarily impact our tenants' operations until they are able to make the appropriate adjustments to their business. In addition, our tenants may experience operational challenges from time-to-time as a result of many factors, including those external to them, such as cybersecurity attacks, public health crises, economic issues resulting in high inflation and spikes in labor costs, extreme or severe weather and climate-related events, and adverse market and political conditions. We monitor our tenants' operating results and the potential impact from these challenges. We may elect to provide support to our tenants from time-to-time in the form of short-term rent abatements or rent deferrals to be paid back in full, or in the form of temporary loans. See below for an update on some of our current and former tenants.

Steward

As discussed in previous filings, Steward filed for Chapter 11 bankruptcy on May 6, 2024 with the United States Bankruptcy Court for the Southern District of Texas. On September 11, 2024, the bankruptcy court entered an interim order, subsequently made final on September 18, 2024, approving a global settlement between Steward, its lenders, the unsecured creditors committee, and the Company. The order provided for the following: a) termination of our master lease with Steward; b) the release of claims against 23 of our properties (including the release of claims by the secured lender over its liens on equipment, inventory, and licenses), allowing us to begin the process of re-tenanting or selling these properties; and c) a full release of claims against us from all parties. In return, we consented to the sale of the operations and our real estate in three facilities in the Space Coast region of Florida, along with a full release of our claims in Steward including claims to past due rent and interest, outstanding loans, and our equity investment.

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

Due to the events discussed above and in previous filings, we recorded various impairment and negative fair value charges during 2024, including approximately \$490 million and \$960 million of charges for the three and six months ended June 30, 2024, respectively, to fully reserve our equity and certain loan investments in Steward and our equity investment in the Massachusetts joint venture. In addition, during the 2024 second quarter, we changed the estimated useful life of the in-place lease intangibles associated with the Steward master leases, as we expected such leases would end before their contractual term. This change in estimate resulted in approximately \$34 million of additional amortization expense in the 2024 second quarter and is reflected in the "Real estate depreciation and amortization" line of our condensed consolidated statements of net income.

With this global settlement and termination of the joint venture master lease, our relationship with Steward effectively ended.

Steward Rent Collections

Despite the bankruptcy, we received and recorded rent and interest revenue from Steward of \$19 million and \$30 million for the three and six month periods, respectively, ending June 30, 2024. In addition, we were benefited from rent paid by Steward to the Massachusetts joint venture of \$28 million (\$14 million representing our share) and \$66 million (\$33 million representing our share) for the three and six month periods ended June 30, 2024, respectively.

Re-tenanting Activity

Subsequent to the release of claims on the 23 properties as part of the global settlement on September 18, 2024, we reached definitive agreements with six operators (Healthcare Systems of America, Honor Health, Insight Health ("Insight"), Quorum, College Health, and Tenor Health) to lease 18 of these facilities in 2024 and early 2025. These leases include a rent ramp up period. In the 2025 first quarter, cash rents from these operators were approximately \$3.4 million, ramping up to \$11 million in the 2025 second quarter (or approximately 28% of what total contractual rents are to be in 2026 once all rent ramp up is completed). Based on these lease contracts, rent payments are to increase to approximately 57% of contractual rent by the fourth quarter of 2025, 78% of contractual rent by second quarter 2026, and 100% of contractual rent starting October 2026. As of June 30, 2025, all of these new operators have paid the rent due under their respective leases, except for Insight who owes us approximately \$0.5 million.

As of June 30, 2025, we have provided approximately \$125 million in short-term working capital loans to these operators to assist in the takeover of these operations and the transition of certain services (such as revenue cycle management) away from Steward.

The remaining five former Steward properties (with a net book value of approximately 3% of our total assets), including two developments (see "Development and Capital Addition Activities" above), are in various stages of being re-tenanted or sold.

Prospect

As discussed in previous filings, Prospect's operating losses in multiple East Coast markets, including Pennsylvania and Rhode Island (a state in which we have no investment), adversely impacted Prospect's overall liquidity. Prospect filed for Chapter 11 bankruptcy on January 11, 2025 with the United States Bankruptcy Court for the Northern District of Texas. Prospect's bankruptcy filing constituted a default under the terms of our master leases and loan agreements with Prospect, and imposed a stay on our ability to exercise contractual rights with respect to these defaults. The bankruptcy filing barred us from collecting pre-bankruptcy debts from Prospect unless we received an order permitting us to do so from the bankruptcy court. The bankruptcy court has the power to approve and direct the sale of Prospect's property free and clear of any associated mortgages and loans, whether or not there are sufficient net proceeds to repay them, in whole or in part. For that reason, we may recover none or substantially less than the full value of our claims.

On March 20, 2025, the bankruptcy court approved a global settlement (including a recovery waterfall) between us, Prospect, and other stakeholders.

Our investments in Prospect include leased real estate assets in California and Connecticut (for which we account as financing leases), a mortgage loan secured by hospital real estate operated by Prospect in Pennsylvania, and a \$75 million asset-backed loan outstanding. In addition, we acquired a non-controlling ownership interest in May 2023 in PHP Holdings. In the second quarter of 2025, we funded a \$13.5 million loan to Prospect and have since funded an additional loan of approximately \$11.5 million as contemplated by the global settlement.

Due to the events discussed above, we recorded more than \$400 million of impairment charges and negative fair value adjustments associated with our investments in Prospect in the 2024 fourth quarter, resulting in a full reserve of the asset-backed loan and our Pennsylvania mortgage loan, along with a decrease in the value in our Connecticut properties. No charge was recorded on our California properties. In accordance with the global settlement (and related recovery waterfall) discussed above, we recorded approximately \$55 million of additional impairment charges on our Connecticut properties in the 2025 first quarter; while in the second quarter of 2025, we recorded an approximate \$18 million of impairment recovery. In determining the 2025 first and second quarter impairment charges and recoveries, we compared the carrying value of our investments to our current estimate of expected proceeds (net of any possible future cash outlays) to be received under the bankruptcy court approved recovery waterfall, factoring in an estimated recovery of Prospect assets (including our real estate assets) and applying the priority of claims associated with the bankruptcy. In estimating the fair value of the California, Pennsylvania, and certain Connecticut real estate, we, along with assistance from a third-party, independent valuation firm, used a combination of cost, market, and income approaches using Level 3 inputs. The cost approach used comparable sales to value the land and cost manuals to value the improvements. The value derived from the market approach was based on sale prices of similar properties. For the income approach, we divided the expected operating income from the property by an estimated market capitalization rate (range from 8.25% to 8.5%). For the remaining Connecticut real estate, fair value was based on a recent bid received for these properties.

In regard to our investment in PHP Holdings, we account for this investment using the fair value option method. Each quarter, we mark such investment to fair value as more fully described in [Note 7](#) to the condensed consolidated financial statements. In the first six months of 2025, we recorded an approximate \$147 million negative fair value adjustment (\$129 million of which was in the second quarter), whereas this adjustment was approximately \$360 million in the first six months of 2024 (\$160 million of which was recorded in the second quarter of 2024). The adjustment in 2025 was made based on changes to the purchase agreement between PHP Holdings and Astrana Health and updates to PHP Holdings' working capital position. At June 30, 2025, our investment in PHP Holdings was \$2.3 million, which is the amount received on July 1, 2025 from the sale of PHP Holdings to Astrana Health.

Prospect's bankruptcy proceedings are continuing, and the ultimate outcome of such proceedings is uncertain. At this time, we are unable to predict the timing of any of the foregoing matters or the timing for a resolution of the Prospect bankruptcy proceeding. We cannot assure you that we will be able to recover or preserve the remaining approximately \$660 million of our investment in Prospect as of June 30, 2025, in whole or in part.

To this point, on August 4, 2025, the bankruptcy court approved, among other things, an interim order for additional loan advances to be made by us to the debtor including: a) up to \$55 million, for which we are funding \$15 million on August 8, 2025, to cover forecasted cash shortfalls by the debtor as it pursues sales of hospital operations and sales/leases of related real estate; b) approximately \$25 million for the full repayment of the current senior debtor-in-possession lender; and c) up to \$30 million in the form of a backstop facility to cover administrative and priority claims. Except for the \$15 million funding on August 8, 2025, all of the other loan advances are conditioned on other events occurring including further bankruptcy court approvals and meeting other milestones or requirements. Any additional loan advances (other than the backstop facility) will rank senior in priority as it relates to the recovery waterfall; while any funds advanced under the backstop facility will be secured by recoveries, if any, from causes of actions owned by the debtor.

Prospect Rent Collections

Starting January 1, 2023, we began accounting for our leases and loans to Prospect on a cash basis. We received and recorded approximately \$18 million and \$25 million of revenue for the three and six month periods ended June 30, 2024, respectively, on our California properties. Prospect has not made any scheduled rent or interest payments since the second quarter of 2024.

International Joint Venture

As discussed in previous filings, we placed our loan to the international joint venture on the cash basis of accounting in 2023, as we determined that it was no longer probable that the borrower would pay its future interest in full. This loan, accounted for under the fair value option method, was collateralized by the equity of Steward held by an investor in both Steward and the international joint venture. Consistent with the discussion above on Steward, we recorded a \$225 million unfavorable fair value adjustment in the 2024 first quarter to fully reserve for the loan and related equity investment. These investments were adjusted for after comparing our carrying value to an updated fair value analysis of the underlying collateral, with assistance from a third-party, independent valuation firm.

Other Tenant Matters

In the 2023 third quarter, we moved to cash basis of accounting for a tenant that comprised approximately 1% of our total assets due to declines in operating results. During 2024, we terminated the lease with this tenant and entered into a forbearance and restructuring agreement. This forbearance and restructuring agreement has since been amended to, among other things, give the former tenant more time to complete their planned third-party financing. The substantive terms of the amended forbearance and restructuring agreement included: a) repayment of \$10 million of unpaid rent in cash, which we received on December 31, 2024; b) acquisition by this former tenant of certain of our facilities (with a net book value of approximately \$38 million) for approximately \$45 million, one of which closed in early January 2025 for approximately \$3 million and we received a \$20 million deposit in March 2025 in advance of two other closings; c) repayment of a mortgage loan; and d) entering into a new 20 year triple-net lease agreement of three properties with a net book value of approximately \$154 million.

We received and recorded approximately \$5 million and \$10 million of rent as required by the amended forbearance and restructuring agreement for the three and six month periods ended June 30, 2025, respectively. At this time, the former tenant has not completed its financing plan but continues to make its required payments under the amended forbearance and restructuring agreement.

Investments in Unconsolidated Entities

Investments in Unconsolidated Real Estate Joint Ventures

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

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

Operator	Ownership Percentage	As of June 30, 2025	As of December 31, 2024
Swiss Medical Network	70%	\$ 602,321	\$ 483,770
Median Kliniken S.á.r.l ("MEDIAN")	50%	486,653	431,964
CommonSpirit (Utah partnership)	25%	134,439	113,202
Policlinico di Monza	50%	84,080	77,592
HM Hospitales	45%	52,658	49,869
Total		\$ 1,360,151	\$ 1,156,397

The Utah partnership applies specialized accounting and reporting for investment companies under Topic 946, which measures the underlying investments at fair value. For the three and six months ended June 30, 2025, our share of the Utah partnership's

favorable fair value adjustment was approximately \$15 million and \$21 million, respectively, which for the 2025 second quarter primarily related to an unrealized gain on investments in real estate.

For our unconsolidated real estate joint venture that leases more than 70 healthcare facilities to MEDIAN, we, along with our joint venture partner, finalized a refinancing of the €655 million secured debt on June 17, 2025, that was due on June 30, 2025. The new €702.5 million non-recourse, 10-year non-amortizing secured debt has an approximately 5.1% fixed rate, and the majority of the proceeds were used to fund the repayment of the prior €655 million secured loan that carried a lower rate.

Investments in Unconsolidated Operating Entities

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

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

Operator	As of June 30, 2025	As of December 31, 2024
Swiss Medical Network	\$ 197,413	\$ 172,453
Aevis Victoria SA ("Aevis")	63,609	63,409
Priory Group ("Priory")	44,084	38,739
Aspris Children's Services ("Aspris")	15,929	15,950
PHP Holdings	2,348	149,027
Total	<u>\$ 323,383</u>	<u>\$ 439,578</u>

For our investments marked to fair value (including our investments in PHP Holdings, Aevis and the international joint venture), we recorded approximately \$156 million in unfavorable non-cash fair value adjustments during the first half of 2025 (\$125 million of which was recorded in the 2025 second quarter); whereas, this was a \$595 million unfavorable non-cash fair value adjustment for the same period of 2024 (\$160 million of which was recorded in the 2024 second quarter).

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

Credit Loss Reserves

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

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

	For the Three Months Ended June 30,	
	2025	2024
Balance at beginning of the period	\$ 577,455	\$ 456,592
(Recovery) provision for credit loss, net (1)	(12,659)	81,942
Expected credit loss reserve written off or related to financial instruments sold, repaid, or satisfied	—	—
Balance at end of the period	<u>\$ 564,796</u>	<u>\$ 538,534</u>

	For the Six Months Ended June 30,	
	2025	2024
Balance at beginning of the year	\$ 511,473	\$ 96,001
Provision for credit loss, net (1)	53,323	442,533
Expected credit loss reserve written off or related to financial instruments sold, repaid, or satisfied	—	—
Balance at end of the period	<u>\$ 564,796</u>	<u>\$ 538,534</u>

- (1) The amount in 2025 is primarily related to Prospect; whereas, the amount in 2024 is primarily related to loans involving Steward. See "Leasing Operations (Lessor)" in this [Note 3](#) for further discussion.

Concentrations of Credit Risk

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

Total Assets by Operator

Operators	As of June 30, 2025		As of December 31, 2024	
	Total Assets (1)	Percentage of Total Assets	Total Assets (1)	Percentage of Total Assets
Circle Health Ltd ("Circle")	\$ 2,195,038	14.5%	\$ 2,026,778	14.2%
Priory	1,340,466	8.8%	1,233,462	8.6%
Healthcare Systems of America	1,204,109	7.9%	1,187,006	8.3%
Swiss Medical Network	863,343	5.7%	719,632	5.1%
Lifepoint Behavioral	816,943	5.4%	813,584	5.7%
Other operators	6,850,257	45.3%	6,624,256	46.3%
Other assets (2)	1,880,272	12.4%	1,689,876	11.8%
Total	<u>\$ 15,150,428</u>	<u>100.0%</u>	<u>\$ 14,294,594</u>	<u>100.0%</u>

- (1) Total assets by operator are generally comprised of real estate assets, mortgage loans, investments in unconsolidated real estate joint ventures, investments in unconsolidated operating entities, and other loans.
- (2) Includes our investment in PHP Holdings of approximately \$2 million and \$150 million as of June 30, 2025, and December 31, 2024, respectively - see tenant update described previously in this same [Note 3](#).

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

U.S. States and Other Countries	As of June 30, 2025		As of December 31, 2024	
	Total Assets	Percentage of Total Assets	Total Assets	Percentage of Total Assets
Texas	\$ 1,415,603	9.3%	\$ 1,394,296	9.8%
California	943,646	6.3%	935,470	6.4%
Florida	845,268	5.6%	840,876	5.9%
Arizona	384,310	2.5%	379,801	2.7%
Ohio	332,337	2.2%	327,577	2.3%
All other states	2,621,863	17.3%	2,636,587	18.5%
Other domestic assets	1,031,221	6.8%	951,486	6.6%
Total U.S.	<u>\$ 7,574,248</u>	<u>50.0%</u>	<u>\$ 7,466,093</u>	<u>52.2%</u>
United Kingdom	\$ 4,319,502	28.5%	\$ 3,985,672	27.9%
Switzerland	863,343	5.7%	719,632	5.0%
Germany	756,490	5.0%	672,343	4.7%
Spain	285,895	1.9%	247,996	1.7%
All other countries	501,899	3.3%	464,468	3.3%
Other international assets	849,051	5.6%	738,390	5.2%
Total international	<u>\$ 7,576,180</u>	<u>50.0%</u>	<u>\$ 6,828,501</u>	<u>47.8%</u>
Grand total	<u>\$ 15,150,428</u>	<u>100.0%</u>	<u>\$ 14,294,594</u>	<u>100.0%</u>

Total Assets by Facility Type (1)

<u>Facility Types</u>	As of June 30, 2025		As of December 31, 2024	
	Total Assets	Percentage of Total Assets	Total Assets	Percentage of Total Assets
General acute care hospitals	\$ 8,992,213	59.4%	\$ 8,493,331	59.4%
Behavioral health facilities	2,506,704	16.5%	2,376,460	16.7%
Post acute care facilities	1,655,572	10.9%	1,617,596	11.3%
Freestanding ER/urgent care facilities	115,667	0.8%	117,331	0.8%
Other assets	1,880,272	12.4%	1,689,876	11.8%
Total	<u>\$ 15,150,428</u>	<u>100.0%</u>	<u>\$ 14,294,594</u>	<u>100.0%</u>

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

On an individual property basis, our largest investment in any single property was less than 2% of our total assets as of June 30, 2025.

On a revenue basis, concentration in 2025 compared to the same periods of 2024 is as follows:

Total Revenues by Geographic Location

<u>Geographic Location</u>	For the Three Months Ended June 30,			
	2025		2024	
	Total Revenues	Percentage of Total Revenues	Total Revenues	Percentage of Total Revenues
Total U.S.	\$ 126,067	52.4%	\$ 160,461	60.2%
United Kingdom	93,924	39.1%	88,164	33.1%
All other countries	20,368	8.5%	17,935	6.7%
Grand total	<u>\$ 240,359</u>	<u>100.0%</u>	<u>\$ 266,560</u>	<u>100.0%</u>

Total Revenues by Facility Type

<u>Facility Types</u>	For the Three Months Ended June 30,			
	2025		2024	
	Total Revenues	Percentage of Total Revenues	Total Revenues	Percentage of Total Revenues
General acute care hospitals	\$ 147,648	61.4%	\$ 173,133	65.0%
Behavioral health facilities	53,545	22.3%	52,957	19.9%
Post acute care facilities	37,176	15.5%	34,493	12.9%
Freestanding ER/urgent care facilities	1,990	0.8%	5,977	2.2%
Total	<u>\$ 240,359</u>	<u>100.0%</u>	<u>\$ 266,560</u>	<u>100.0%</u>

The following shows those tenants that represented 10% or more of our total revenues for the three and six months ended June 30, 2025 and 2024:

<u>Operators</u>	For the Three Months Ended June 30,			
	2025		2024	
	Total Revenues	Percentage of Total Revenues	Total Revenues	Percentage of Total Revenues
Circle	\$ 53,725	22.4%	\$ 50,555	19.0%
Priory	26,456	11.0%	24,633	9.2%
Other operators	160,178	66.6%	191,372	71.8%
Total	<u>\$ 240,359</u>	<u>100.0%</u>	<u>\$ 266,560</u>	<u>100.0%</u>

Operators	For the Six Months Ended June 30,			
	2025		2024	
	Total Revenues	Percentage of Total Revenues	Total Revenues	Percentage of Total Revenues
Circle	\$ 104,436	22.5%	\$ 101,567	18.9%
Priory	51,397	11.1%	50,515	9.4%
Other operators	308,325	66.4%	385,794	71.7%
Total	<u>\$ 464,158</u>	<u>100.0%</u>	<u>\$ 537,876</u>	<u>100.0%</u>

4. Debt

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

	As of June 30, 2025	As of December 31, 2024
Secured revolving credit facility(A)	\$ 553,437	\$ 361,726
Secured term loan	200,000	200,000
British pound sterling term loan due 2025(B)	—	617,039
British pound sterling secured term loan due 2034(B)	867,010	790,234
3.325% Senior Unsecured Notes due 2025(B)	—	517,700
0.993% Senior Unsecured Notes due 2026(B)	589,350	517,700
2.500% Senior Unsecured Notes due 2026(B)	—	625,800
5.250% Senior Unsecured Notes due 2026	—	500,000
5.000% Senior Unsecured Notes due 2027	1,400,000	1,400,000
3.692% Senior Unsecured Notes due 2028(B)	823,920	750,960
4.625% Senior Unsecured Notes due 2029	900,000	900,000
3.375% Senior Unsecured Notes due 2030(B)	480,620	438,060
3.500% Senior Unsecured Notes due 2031	1,300,000	1,300,000
7.000% Senior Secured Notes due 2032(B)	1,178,700	—
8.500% Senior Secured Notes due 2032	1,500,000	—
	<u>\$ 9,793,037</u>	<u>\$ 8,919,219</u>
Debt issue costs and discount, net	(144,002)	(71,107)
	<u>\$ 9,649,035</u>	<u>\$ 8,848,112</u>

(A) Includes €100 million and €303 million of Euro-denominated borrowings and CHF 52 million and CHF - million of Swiss franc-denominated borrowings that reflect the applicable exchange rates at June 30, 2025 and December 31, 2024, respectively.

(B) Non-U.S. dollar denominated debt reflects the exchange rates at June 30, 2025 and December 31, 2024.

As of June 30, 2025, principal payments due on our debt (which exclude the effects of any discounts, premiums, or debt issue costs recorded) are as follows (amounts in thousands):

2025	\$ —
2026	1,142,787 (1)
2027	1,600,000
2028	823,920
2029	900,000
Thereafter	5,326,330
Total	<u>\$ 9,793,037</u>

(1) \$553 million (of which approximately \$300 million was repaid in July 2025) represents the outstanding balance of our revolving credit facility for which we have provided notice of our intent to extend to 2027 - see "Credit Facility" subheading for further details.

Credit Facility

We have a multi-currency denominated revolver and a \$200 million term loan that make up our Credit Facility (the "Credit Facility"). After a series of amendments in 2024, maximum borrowings under the revolving portion of the Credit Facility is \$1.28 billion.

On February 13, 2025 and concurrent with the closing of the Senior Secured Notes due 2032 discussed below, we amended the Credit Facility to among other things: (i) provide for the facility to be secured and guaranteed ratably with the senior notes issued concurrently, (ii) provide notice that we plan to exercise both of our maturity extension options such that the maturity of the revolving portion would move from June 30, 2026 to June 30, 2027, the same maturity date as our term loan facility (subject to the satisfaction of other conditions), (iii) reset the interest rate to SOFR plus 225 basis points (which had previously been moved to SOFR plus 300 basis points in August 2024), (iv) permanently remove financial covenants regarding minimum consolidated tangible net worth, maximum unsecured indebtedness to unencumbered asset value and minimum unsecured net operating income to unsecured interest expense, (v) amend certain definitions used in the financial covenant regarding maximum total indebtedness to total asset value to conform to corresponding definitions in our existing unsecured indentures and the secured notes issued concurrently and set the covenant level at 60%, (vi) set the maximum secured leverage ratio at 40%, and (vii) add mandatory prepayments of senior debt or addition of additional collateral in connection with any failure to (x) maintain a 65% maximum ratio of secured first lien debt to the undepreciated real estate value of the secured pool properties or (y) maintain a minimum senior secured debt service coverage ratio of 1.15:1.00 (increasing to 1.30:1.00 in 12 months).

2025 Activity

British Pound Sterling Term Loan due 2025

On January 15, 2025, we paid off the remaining £493 million balance of our British pound sterling term loan due 2025. With this payoff, we also terminated the sterling-denominated term loan interest rate swap.

Senior Secured Notes due 2032

On February 13, 2025, we closed on a private offering that consisted of \$1.5 billion aggregate principal amount of senior secured notes due 2032 (the "USD Notes") and €1.0 billion aggregate principal amount of senior secured notes due 2032 (the "Euro Notes"). Interest on the notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2025. The USD Notes were issued at 98.710% of par value, pay interest at a rate of 8.500% per year and mature on February 15, 2032. The Euro Notes were issued at 98.645% of par value, pay interest at a rate of 7.000% per year and mature on February 15, 2032. We may redeem some or all of the notes at any time prior to February 15, 2028, at a redemption price equal to 100% of the principal amount, plus an applicable "make whole" premium and accrued and unpaid interest. On or after February 15, 2028, we may redeem some or all of the notes at a premium that will decrease over time. In addition, at any time prior to February 15, 2028, we may redeem up to 40% of the notes at a redemption price equal to 108.500% and 107.000% for the USD Notes and Euro Notes, respectively, of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, using proceeds from one or more equity offerings. In the event of a change in control, each holder of the notes may require us to repurchase some or all of the notes at a repurchase price equal to 101% of the aggregate principal amount of the notes plus accrued and unpaid interest to the date of purchase.

We used the net proceeds from the notes to fund the early redemption of our 3.325% Senior Unsecured Notes due 2025, 2.500% Senior Unsecured Notes due 2026, and 5.250% Senior Unsecured Notes due 2026. We used the remaining net proceeds to pay down the revolving portion of our Credit Facility.

2024 Activity

Australian Term Loan Facility

On April 18, 2024, we paid off and terminated the remainder of the A\$470 million (\$306 million) Australian term loan facility with a portion of the proceeds from the Utah Transaction described in [Note 3](#) to the condensed consolidated financial statements.

British Pound Sterling Secured Term Loan due 2034

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

Debt Refinancing and Unutilized Financing Costs

2025 Activity

In the first six months of 2025, we incurred \$3.6 million of debt refinancing and unutilized financing costs. These costs were incurred primarily as a result of the early redemption of our 3.325% Senior Unsecured Notes due 2025, 2.500% Senior Unsecured Notes due 2026, and 5.250% Senior Unsecured Notes due 2026.

2024 Activity

In the first six months of 2024, we incurred approximately \$3 million of debt refinancing and unutilized financing costs. These costs were incurred as a result of the reduction in revolving commitments under our Credit Facility and partial paydown of our British pound sterling term loan due 2025.

Covenants and Restrictions

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

In addition to these restrictions, the Credit Facility contains customary financial and operating covenants, including covenants relating to our total leverage ratio, fixed charge coverage ratio, secured leverage ratio, unsecured leverage ratio, and unsecured interest coverage ratio.

In addition to the covenants and restrictions discussed above, our Credit Facility contains customary events of default, including among others, nonpayment of principal or interest, material inaccuracy of representations, and failure to comply with our covenants. If an event of default occurs and is continuing under the Credit Facility, the entire outstanding balance may become immediately due and payable. At June 30, 2025, we were in compliance with all financial and operating covenants.

5. Income Taxes

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

6. Stock Awards

During the second quarter of 2022, we amended the 2019 Equity Incentive Plan (the “Equity Incentive Plan”), which authorizes the issuance of common stock options, restricted stock, restricted stock units, deferred stock units, stock appreciation rights, performance units, and awards of interests in our Operating Partnership. Our Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors, and we have reserved 28.9 million shares of common stock for awards, of which 9.0 million shares remain available for future stock awards as of June 30, 2025. Share-based compensation expense totaled \$18.5 million and \$16.2 million for the six months ended June 30, 2025 and 2024, respectively. Of this expense, \$4.4 million and \$2.0 million for the six months ended June 30, 2025 and 2024, respectively, are from the 2024 and 2025 performance award grants that contain cash-settlement features and are marked to fair value quarterly. None of the 2024 or 2025 performance awards have been earned or vested at June 30, 2025, and will not begin to earn/vest until, for 20 consecutive days, our stock price reaches \$7.00 for the 2024 performance award and our total shareholder return reaches 20% (based on the April 15, 2025 grant date) for our 2025 performance award.

7. Fair Value of Financial Instruments

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

Fair value estimates are made at a specific point in time, are subjective in nature, and involve uncertainties and matters of significant judgment. Settlement of such fair value amounts may not be a prudent management decision.

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

Asset (Liability)	As of June 30, 2025		As of December 31, 2024	
	Book Value	Fair Value	Book Value	Fair Value
Interest and rent receivables	\$ 28,644	\$ 29,083	\$ 36,327	\$ 36,432
Loans(1)	592,437 (2)	595,919	467,120 (2)	470,380
Debt, net	(9,649,035)	(8,673,061)	(8,848,112)	(7,301,395)

- (1) Excludes the convertible loan portion of our investment in PHP Holdings made in May 2023 and the acquisition loan made in May 2020 related to our investment in the international joint venture, along with the related subsequent investment in the real estate of three hospitals in Colombia, as these assets are accounted for under the fair value option method, as noted below.
- (2) Includes \$14.0 million and \$7.9 million of mortgage loans, \$390.3 million and \$315.5 million of loans (including a shareholder loan) included in investments in unconsolidated real estate joint ventures, \$45.4 million and \$39.7 million of loans that are part of our investments in unconsolidated operating entities, and \$142.7 million and \$104.0 million of other loans at June 30, 2025 and December 31, 2024, respectively.

Items Measured at Fair Value on a Recurring Basis

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

At June 30, 2025 and December 31, 2024, the amounts recorded under the fair value option method were as follows (in thousands):

Asset (Liability)	As of June 30, 2025		As of December 31, 2024		Asset Type Classification
	Fair Value	Original Cost	Fair Value	Original Cost	
Mortgage loans	\$ 109,929	\$ 140,080	\$ 111,985	\$ 129,968	Mortgage loans
Equity investment and other loans	8,589	919,495	154,229	910,594	Investments in unconsolidated operating entities/Other loans

Our loans to the international joint venture and its subsidiaries are recorded at fair value by discounting the estimated future contractual cash flows using a credit-adjusted rate of return, which is derived from market rates of return on similar loans with similar credit quality and remaining maturity. Our equity investment in the international joint venture and our investment in PHP Holdings (as of December 31, 2024 only) are recorded at fair value by using a market approach (for our equity investment in the international joint venture) and a market approach based on the agreed upon price in the transaction (for our investment in PHP Holdings), which requires significant estimates of our investee, such as projected revenue, expenses, and working capital, and appropriate consideration of the underlying risk profile of the forecasted assumptions associated with the investee. We classify our valuations of these investments as Level 3, as we use certain unobservable inputs to the valuation methodology that are significant to the fair value

measurement, and the valuations require management judgment due to the absence of quoted market prices. For the market approach model used for our investment in PHP Holdings (as of December 31, 2024 only), our unobservable inputs included purchase price adjustments related to expected balance sheet values at the time of the transaction close, and an adjustment for a marketability discount ("DLOM") of 14.2%. In regard to the underlying projections used in the discounted cash flow model, such projections are provided by the investees. However, we may modify such projections as needed based on our review and analysis of historical results, meetings with key members of management, and our understanding of trends and developments within the healthcare industry.

The sale of our investment in PHP Holdings closed on July 1, 2025, and we received cash proceeds of \$2.3 million as previously discussed in [Note 3](#) to the condensed consolidated financial statements. As such, we recorded an unfavorable fair value adjustment down to a value of \$2.3 million at June 30, 2025.

In the first six months of 2025, we recorded a net unfavorable adjustment to the investments accounted for under the fair value option method of approximately \$164 million, primarily related to our investment in three hospitals in Colombia and our investment in PHP Holdings as further discussed in [Note 3](#) to the condensed consolidated financial statements. In the first half of 2024, we recorded a net unfavorable adjustment to the investments accounted for under the fair value option method of approximately \$585 million, primarily related to the loan to the international joint venture of \$225 million (see further discussion below under "Impairment and Fair Value Adjustments of Non-Real Estate Investments") and our investment in PHP Holdings of \$360 million.

Items Measured at Fair Value on a Nonrecurring Basis

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

Impairment and Fair Value Adjustments of Non-Real Estate Investments

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

Impairment of Real Estate Investments

2025 Activity

See the Prospect subheading under "Leasing Operations (Lessor)" in [Note 3](#) to the condensed consolidated financial statements for a discussion around the use of fair value and related assumptions in the impairment of our real estate investments.

2024 Activity

In the 2024 second quarter, we recognized approximately \$500 million of real estate impairment charges, primarily involving the eight Massachusetts properties in the Macquarie partnership. In our assessment, we first made a comparison of the carrying value of our real estate to projected undiscounted cash flows. For those properties in which the carrying value was not deemed recoverable, we recorded an impairment charge to the extent our carrying value was greater than its estimated fair value. In estimating fair value

for these properties, we, along with assistance from a third-party, independent valuation firm, used a combination of cost, market, and income approaches using Level 3 inputs. The cost approach used comparable sales to value the land and cost manuals to value the improvements. The value derived from the market approach was based on sale prices of similar properties. For the income approach, we divided the expected operating income (i.e. revenue less expenses, if any) from the property by a market capitalization rate (range from 7% to 10%). Our share of the real estate impairment charge in the Macquarie partnership exceeded the remaining equity amount in the joint venture, which resulted in a write down of our equity interest to zero and such charge is reflected in the "Earnings (loss) from equity interests" line on the condensed consolidated statements of net income.

8. Earnings Per Share/Unit

Medical Properties Trust, Inc.

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

	For the Three Months Ended June 30,	
	2025	2024
Numerator:		
Net loss	\$ (98,068)	\$ (319,659)
Non-controlling interests' share in net income	(289)	(976)
Participating securities' share in earnings	(224)	(654)
Net loss, less participating securities' share in earnings	<u>\$ (98,581)</u>	<u>\$ (321,289)</u>
Denominator:		
Basic weighted-average common shares	600,814	600,057
Dilutive potential common shares(1)	—	—
Diluted weighted-average common shares	<u>600,814</u>	<u>600,057</u>

	For the Six Months Ended June 30,	
	2025	2024
Numerator:		
Net loss	\$ (216,084)	\$ (1,195,036)
Non-controlling interests' share in net income	(548)	(1,224)
Participating securities' share in earnings	(341)	(654)
Net loss, less participating securities' share in earnings	<u>\$ (216,973)</u>	<u>\$ (1,196,914)</u>
Denominator:		
Basic weighted-average common shares	600,733	600,181
Dilutive potential common shares(1)	—	—
Diluted weighted-average common shares	<u>600,733</u>	<u>600,181</u>

MPT Operating Partnership, L.P.

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

	For the Three Months Ended June 30,	
	2025	2024
Numerator:		
Net loss	\$ (98,068)	\$ (319,659)
Non-controlling interests' share in net income	(289)	(976)
Participating securities' share in earnings	(224)	(654)
Net loss, less participating securities' share in earnings	<u>\$ (98,581)</u>	<u>\$ (321,289)</u>
Denominator:		
Basic weighted-average units	600,814	600,057
Dilutive potential units(1)	—	—
Diluted weighted-average units	<u>600,814</u>	<u>600,057</u>

	For the Six Months Ended June 30,	
	2025	2024
Numerator:		
Net loss	\$ (216,084)	\$ (1,195,036)
Non-controlling interests' share in net income	(548)	(1,224)
Participating securities' share in earnings	(341)	(654)
Net loss, less participating securities' share in earnings	<u>\$ (216,973)</u>	<u>\$ (1,196,914)</u>
Denominator:		
Basic weighted-average units	600,733	600,181
Dilutive potential units(1)	—	—
Diluted weighted-average units	<u>600,733</u>	<u>600,181</u>

- (1) The above computation of diluted earnings per share/unit does not include 103,820 and 85,032 potential common shares/units for the three and six months ended June 30, 2025, respectively, and 17,299 and 8,649 shares/units for the three and six months ended June 30, 2024, respectively, as inclusion of these shares when a loss exists would be antidilutive.

9. Contingencies

As part of the global settlement with Steward discussed in [Note 3](#), upon completion of the transfers to the new operators and satisfaction of certain other conditions, in addition to approval by relevant state and local regulators, we and Steward agreed, subject to specified exceptions, to the mutual release of claims against each other. In connection with the global settlement and reciprocal release of claims, we have established an approximate \$19 million reserve at June 30, 2025, for property taxes, other property related expenses, and other obligations due to third parties associated with properties formerly leased to Steward.

We are party to various lawsuits as described below:

Securities and Derivative Litigation

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

Members of our Board of Directors were also named as defendants in two related shareholder derivative lawsuits filed by purported stockholders in the United States District Court for the Northern District of Alabama on October 19, 2023 (Case No. 2:23-cv-01415) and December 7, 2023 (Case No. 2:23-cv-01667). The Company was named as a nominal defendant in both complaints. These shareholder derivative complaints both make allegations similar to those made in the Alabama securities lawsuit described above relating to purported material misstatements or omissions relating to the financial health of certain of our tenants. These derivative actions have been consolidated and stayed pending further developments in the Alabama securities lawsuit. Members of our Board of Directors were also named as defendants in three related shareholder derivative lawsuits filed by purported stockholders in the United States District Court for the District of Maryland on February 16, 2024 (Case No. 1:24-cv-00471), June 28, 2024 (Case No. 1:24-cv-01899), and July 26, 2024 (Case No. 1:24-cv-02173). The Company was named as a nominal defendant. These shareholder derivative complaints make allegations similar to those made in the Alabama securities and derivative lawsuits described above relating to purported material misstatements or omissions relating to the financial health of certain of our tenants. Defendants have not been required to respond to these complaints pending further developments in the Alabama securities lawsuit.

On September 29, 2023, we and certain of our executives were named as defendants in a putative federal securities class action lawsuit filed by a purported stockholder in the United States District Court for the Southern District of New York (Case No. 1:23-cv-08597). The complaint seeks class certification on behalf of purchasers of our common stock between May 23, 2023 and August 17, 2023 and alleges false and/or misleading statements and/or omissions in connection with certain transactions involving Prospect. This class action complaint was amended on October 30, 2024 and alleges that we made material misstatements or omissions in connection with certain transactions involving Prospect. Defendants filed a motion to dismiss the amended complaint on January 14, 2025. That motion has been fully briefed and is currently pending before the Court.

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

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

From time-to-time, we are a party to other legal proceedings, claims, or regulatory inquiries and investigations arising out of, or incidental to, our business. While we are unable to predict with certainty the outcome of any particular matter, in the opinion of management, after consultation with legal counsel, the ultimate liability, if any, with respect to those proceedings is not presently expected to materially affect our financial position, results of operations, or cash flows.

10. Segment Disclosures

We manage our business and report financial results as one business segment. This is consistent with the manner in which our chief operating decision maker ("CODM"), our executive team made up of our Chief Executive Officer and Chief Financial Officer, evaluates performance and makes resource and operating decisions for the business.

Our primary business strategy and source of revenue is from the acquisition and development of healthcare facilities that are leased to healthcare operating companies under long-term net leases, which require the tenant to bear most of the costs associated with the property. The majority of our leased assets are owned 100%; however, we do own some leased assets through joint ventures with other partners. We also may make mortgage loans to healthcare operators collateralized by their real estate. In addition, we may make noncontrolling investments in our tenants, from time-to-time, typically in conjunction with larger real estate transactions with the tenant, which may enhance our overall return and provide for certain minority rights and protections. Although we generate our revenues from these investments in the U.S. and eight other countries across multiple property types, we centrally manage these business activities on a consolidated basis. The accounting policies of our business segment are the same as those described in the summary of significant accounting policies.

The CODM evaluates performance and makes resource and operating decisions for the business on a consolidated basis using consolidated net income from our consolidated statements of net income as our primary GAAP profit measure supplemented by consolidated funds from operations ("FFO"). We use net income and FFO to monitor expected versus actual results to assess performance. The measure of segment assets is total assets as reported on our consolidated balance sheets. We compute FFO in accordance with the definition provided by the National Association of Real Estate Investment Trusts, which represents consolidated net (loss) income (computed in accordance with GAAP), excluding gains (losses) on sales of real estate and impairment charges on real estate assets, plus real estate depreciation and amortization, including amortization related to in-place lease intangibles, and after adjustments for unconsolidated partnerships and joint ventures.

Given FFO excludes real estate related depreciation and amortization expense by definition and due to our typical net lease structure which requires our tenants to bear most of the costs associated with our properties (including property taxes, insurance, etc.), the primary expenses reviewed by the CODM include general and administrative and interest expenses from our consolidated statements of net income. See "Concentration of Credit Risks" in [Note 3](#) to our condensed consolidated financial statements for entity-wide disclosures around major customers, geographic areas, and property types.

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

The following discussion and analysis of the consolidated financial condition and consolidated results of operations are presented on a combined basis for Medical Properties Trust, Inc. and MPT Operating Partnership, L.P. as there are no material differences between these two entities. Such discussion and analysis should be read together with the condensed consolidated financial statements and notes thereto contained in this Form 10-Q and the consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2024.

Forward-Looking Statements.

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

- macroeconomic conditions, including due to geopolitical instability and global trade disruptions, which may lead to a disruption of or lack of access to the capital markets, disruptions and instability in the banking and financial services industries, rising inflation and movements in currency exchange rates, and may negatively impact the financial condition of our tenants;
- the risk that property sales, loan repayments, and other capital recycling transactions do not occur as anticipated or at all;
- the risk that the outcome and terms of the bankruptcy restructurings of affiliates of Prospect will not be consistent with those we anticipate and the risk that we are unable to recover the value of our real estate and other investments in the Prospect portfolio as a result of the bankruptcy restructuring, within a reasonable timeframe or at all;
- the risk that we are unable to successfully re-tenant or sell the remaining former Steward hospitals, on the terms we expect or at all;
- the risk that governments may exercise powers adverse to our ownership and other rights in our properties;
- the risk that we are not able to attain our leverage, liquidity, and cost of capital objectives within a reasonable time period or at all;
- our ability to obtain debt financing on attractive terms or at all (including debt in our joint venture arrangements), as a result of changes in interest rates and other factors, which may adversely impact our ability to pay down, refinance, restructure, or extend our indebtedness as it becomes due, or pursue acquisition and development opportunities;
- our ability to remain in compliance with our financial covenants under our debt facilities;
- any downgrades in our credit ratings;
- the ability of our tenants, operators, and borrowers (including those of our joint ventures) to satisfy their obligations under their respective contractual arrangements with us;
- the ability of our tenants and operators to operate profitably and generate positive cash flow, remain solvent, comply with applicable laws, rules and regulations in the operation of our properties, to deliver high-quality services, to attract and retain qualified personnel, and to attract patients;
- the cooperation of our joint venture partners, including adverse developments affecting the financial health of such joint venture partners or the joint venture itself;
- the economic, political and social impact of, and uncertainty relating to, the potential impact from epidemics, pandemics or other public health crises (like COVID-19), which may adversely affect our and our tenants' business, financial condition, results of operations, and liquidity;
- the risk that the operations of our tenants will be negatively impacted by changes to Medicaid funding introduced by the One Big Beautiful Bill Act;

- our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate, and integrate acquisitions and investments;
- the nature and extent of our current and future competition;
- factors affecting the real estate industry generally or the healthcare real estate industry in particular;
- our ability to maintain our status as a REIT for income tax purposes in the U.S. and U.K.;
- changes in federal, state, or local tax laws in the U.S., Europe, South America, or other jurisdictions in which we may own healthcare facilities or transact business;
- federal and state healthcare and other regulatory requirements, as well as those in the foreign jurisdictions where we own properties;
- the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain equity or debt financing secured by our properties or on an unsecured basis;
- loss of property owned through ground leases upon breach or termination of the ground leases;
- potential environmental contingencies and other liabilities;
- our ability to attract and retain qualified personnel;
- the risks and uncertainties of litigation or other regulatory proceedings and investigations; and
- the accuracy of our methodologies and estimates regarding corporate responsibility metrics and targets, tenant willingness and ability to collaborate towards reporting such metrics and meeting such goals and targets, and the impact of governmental regulation on our and our tenants' corporate responsibility efforts.

Key Factors that May Affect Our Operations

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

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

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

- trends in tenants' cash collections, including comparison to recorded net patient service revenues, knowing and assessing current revenue cycle management systems and potential future planned upgrades or replacements;
- tenants' free cash flow;
- the potential impact of healthcare pandemics/epidemics, legislation, and other regulations (including changes in reimbursement) on our tenants', borrowers', and guarantors' profitability and liquidity;
- the potential impact of any legal, regulatory, or compliance proceedings with our tenants (including at the facility level);
- the potential impact of supply chain and inflation-related challenges as they relate to new developments or capital addition projects;
- an ongoing assessment of the operating environment of our tenants, including demographics, competition, market position, status of compliance, accreditation, quality performance, and health outcomes as measured by The Centers for Medicare and Medicaid Services ("CMS"), The Joint Commission, and other governmental bodies in which our tenants operate;
- the level of investment in the hospital infrastructure and health IT systems; and
- physical real estate due diligence, typically including property condition and Phase 1 environmental assessments, along with routine property inspections thereafter.

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

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

CRITICAL ACCOUNTING POLICIES

Refer to our 2024 Annual Report on Form 10-K for a discussion of our critical accounting policies, which include investments in real estate, purchase price allocation, loans, credit losses, losses from rent and interest receivables, investments accounted for under the fair value option election, and our accounting policy on consolidation. During the six months ended June 30, 2025, there were no material changes to these policies.

Overview

We are a self-advised REIT focused on investing in and owning net-leased healthcare facilities across the U.S. and selectively in foreign jurisdictions. Medical Properties Trust, Inc. was incorporated under Maryland law on August 27, 2003, and MPT Operating Partnership, L.P. was formed under Delaware law on September 10, 2003. We conduct substantially all of our business through MPT Operating Partnership, L.P. We acquire and develop healthcare facilities and lease the facilities to healthcare operating companies under long-term net leases, which require the tenant to bear most of the costs associated with the property. The majority of our leased assets are owned 100%; however, we do own some leased assets through joint ventures with other partners that share our view that healthcare facilities are part of the infrastructure of any community, which we refer to as investments in unconsolidated real estate joint ventures. We also make mortgage loans to healthcare operators collateralized by their real estate assets. In addition, we may make loans to certain of our operators through our TRS, the proceeds of which are typically used for working capital and other purposes. From time-to-time, we may make noncontrolling investments in our tenants, which we refer to as investments in unconsolidated operating entities. These investments are typically made in conjunction with larger real estate transactions with the tenant that give us a right to share in such tenant's profits and losses, and provide for certain minority rights and protections. Our business model facilitates acquisitions and recapitalizations, and allows operators of healthcare facilities to serve their communities by unlocking the value of their real estate assets to fund facility improvements, technology upgrades, and other investments in operations.

At June 30, 2025, our portfolio consisted of 392 properties leased or loaned to 53 operators, and all of our investments are located in the U.S., Europe, and South America. Our total assets are made up of the following (dollars in thousands):

	As of June 30, 2025	% of Total	As of December 31, 2024	% of Total
Real estate assets - at cost	\$ 13,039,539	86.1%	\$ 12,471,543	87.2%
Accumulated real estate depreciation and amortization	(1,599,587)	(10.6)%	(1,422,948)	(10.0)%
Net investment in real estate assets	11,439,952	75.5%	11,048,595	77.2%
Cash and cash equivalents	509,828	3.4%	332,335	2.3%
Investments in unconsolidated real estate joint ventures	1,360,151	9.0%	1,156,397	8.1%
Investments in unconsolidated operating entities	323,383	2.1%	439,578	3.1%
Other	1,517,114	10.0%	1,317,689	9.3%
Total assets	<u>\$ 15,150,428</u>	<u>100.0%</u>	<u>\$ 14,294,594</u>	<u>100.0%</u>

Results of Operations

Three Months Ended June 30, 2025 Compared to June 30, 2024

Net loss for the three months ended June 30, 2025, was (\$98.4) million, or (\$0.16) per share compared to a net loss of (\$320.6) million, or (\$0.54) per share, for the three months ended June 30, 2024. This decrease in net loss is primarily driven by the \$410 million impairment of real estate in our Massachusetts-based partnership with Macquarie in the second quarter of 2024 that is included in our "Earnings (loss) from equity interests" line of our condensed consolidated statements of net income, the approximate \$160 million unfavorable fair value adjustment to our investment in PHP Holdings included in our "Other (including fair value adjustments on securities)" line of our condensed consolidated statements of net income in the second quarter of 2024 (compared to a \$129 million unfavorable fair value adjustment in the second quarter of 2025), and \$136 million more of real estate impairment and other charges in the second quarter of 2024 compared to the same period of 2025, partially offset by approximately \$380 million more gains on sales of real estate in the 2024 second quarter compared to the 2025 second quarter. See [Note 3](#) to the condensed consolidated financial statements for further details. Normalized FFO, after adjusting for certain items (as more fully described in the section titled "Reconciliation of Non-GAAP Financial Measures" in Item 2 of this Quarterly Report on Form 10-Q), was \$81.4 million for the 2025 second quarter, or \$0.14 per diluted share, as compared to \$139.4 million, or \$0.23 per diluted share, for the 2024 second quarter. This 42% decrease in Normalized FFO is primarily due to lower revenues as a result of various disposals in 2024 and 2025 and higher interest expense from our recent refinancing activities.

Revenues

A comparison of revenues for the three months ended June 30, 2025 and 2024 is as follows (dollar amounts in thousands):

	2025	% of Total	2024	% of Total	Year over Year Change
Rent billed	\$ 177,860	74.0%	\$ 183,764	68.9%	(3.2)%
Straight-line rent	39,665	16.5%	38,381	14.4%	3.3%
Income from financing leases	9,923	4.1%	27,641	10.4%	(64.1)%
Interest and other income	12,911	5.4%	16,774	6.3%	(23.0)%
Total revenues	<u>\$ 240,359</u>	<u>100.0%</u>	<u>\$ 266,560</u>	<u>100.0%</u>	<u>(9.8)%</u>

Our total revenues for the 2025 second quarter are down \$26.2 million, or 10%, over the same period in the prior year. This decrease is made up of the following:

- Operating lease revenue (includes rent billed and straight-line rent) – down \$4.6 million from the prior year, primarily due to \$19 million from rent collected from Steward in the 2024 second quarter (none in the 2025 second quarter) and \$11.4 million of lower revenues from property sales in 2024 and early 2025. These decreases were partially offset by \$15 million of operating lease revenue earned from the retreating of the former Steward-operated facilities, more cash received from other cash basis tenants, an increase of \$3 million due to increases in CPI above the contractual minimum escalations in our leases, \$5.7 million of favorable foreign currency fluctuations, and \$0.1 million from the completion of capital additions and development projects in 2024 and 2025.
- Income from financing leases – down \$17.7 million primarily due to not receiving any cash for rent revenue from Prospect (cash basis tenant) in the second quarter of 2025, whereas we received and recorded approximately \$18 million

of rent for this tenant in the 2024 second quarter. This decrease was partially offset by \$0.1 million from the increase in CPI above the lease contractual minimum escalations.

- Interest and other income – down approximately \$3.9 million from the prior year due to the following:
 - o Interest from loans – down \$4.1 million, primarily due to an approximate \$2 million decrease from loan payoffs and approximately \$4 million less interest received from cash basis tenants in the second quarter of 2025 compared to the same period of 2024, partially offset by approximately \$2 million of additional revenue from the funding of new loans.
 - o Other income – up \$0.2 million from the prior year as we had more direct reimbursements from our cash basis tenants for ground leases, property taxes, and insurance.

Interest Expense

Interest expense for the quarters ended June 30, 2025 and 2024 totaled \$129.7 million and \$101.4 million, respectively. This increase is primarily related to higher interest from our February 2025 debt refinancing activities (see [Note 4](#) to the condensed consolidated financial statements for further details), partially offset by lower interest expense from the decrease in average borrowings on our Credit Facility in the second quarter of 2025, compared to the same period of 2024, along with the payoff of our £493 million British pound sterling term loan in the first quarter of 2025. Overall, our weighted-average interest rate was 5.3% for the quarter ended June 30, 2025, compared to 4.1% for the same period in 2024.

Real Estate Depreciation and Amortization

Real estate depreciation and amortization during the second quarter of 2025 decreased to \$66.7 million from \$102.2 million in 2024. This decrease is primarily related to the \$34 million increase in amortization expense in the second quarter of 2024 as a result of our change in the estimated useful life of the in-place lease intangible associated with the Steward master leases that ended well before the contractual term due to the bankruptcy process. The remaining decrease is due to the sale of various properties in 2024 and early 2025, partially offset by fluctuation in foreign currency.

Property-related

Property-related expenses totaled \$10.9 million and \$7.7 million for the quarters ended June 30, 2025 and 2024, respectively. Of the property expenses in the second quarter of 2025 and 2024, approximately \$5.1 million and \$4.9 million, respectively, represents costs that were reimbursed by our tenants and included in the “Interest and other income” line on our condensed consolidated statements of net income. Net of reimbursement, our property-related expenses are higher than prior year due to having three additional vacant properties post Steward bankruptcy. We are in various stages of re-tenanting or selling our vacant properties, which make up less than 1% of our total assets.

General and Administrative

General and administrative expenses decreased to \$26.2 million for the 2025 second quarter, compared to \$35.3 million for the 2024 second quarter. Share-based compensation expense was \$0.8 million for the second quarter of 2025, compared to \$8.5 million in the 2024 second quarter, primarily due to the decrease in fair value of the 2024 performance awards that contain a cash-settlement feature and are marked to fair value quarterly, partially offset by additional expense from the 2025 stock awards granted in the quarter.

With certain performance awards granted in 2025 and 2024 having cash-settlement features, we expect there will be volatility in our stock compensation expense quarter-to-quarter. As of June 30, 2025, none of the 2025 or 2024 performance shares have been earned/vested and will not begin to earn/vest until, for 20 consecutive days, our total shareholder return reaches 20% (based on the April 15, 2025 grant date) for the 2025 performance award and our stock price reaches \$7.00 per share for the 2024 performance award.

Gain on Sale of Real Estate

During the three months ended June 30, 2025, the gain on sale of real estate of \$5.2 million relates to the sale of one facility. During the three months ended June 30, 2024, the gain on sale of real estate primarily relates to the sale of five Prime facilities and a 75% interest in five Utah facilities as part of the Utah Transaction as more fully described in [Note 3](#) to the condensed consolidated financial statements.

Real Estate and Other Impairment Charges, Net

In the 2025 second quarter, we recognized \$1.4 million of real estate and other impairment charges, primarily associated with our three hospitals in Colombia and non-real estate impairment charges, primarily property taxes and other obligations not paid by our cash-basis tenants. These charges were partially offset by an impairment recovery on our Prospect facilities as more fully described in [Note 3](#) to the condensed consolidated financial statements. In the same period of 2024, we recognized \$137.4 million of real estate and other impairment charges. Of these charges, approximately \$100 million were real estate related due to ongoing re-tenanting and potentially selling of properties associated with our cash-basis tenants. The remaining approximately \$40 million was non-real estate impairment charges, primarily property taxes and other obligations not paid by our cash-basis tenants.

Earnings (Loss) from Equity Interests

Earnings from equity interests was \$25.3 million for the quarter ended June 30, 2025, compared to a loss of \$(401.8) million for the same period in 2024. This increase is primarily due to the \$410 million charge in the second quarter of 2024 associated with the real estate impairment in our Massachusetts-based partnership with Macquarie and our share of income in the Utah partnership that was formed in the 2024 second quarter, which included a \$15 million positive fair value adjustment in the second quarter of 2025, primarily related to a favorable fair value adjustment on its investments in real estate (as further described in [Note 3](#) to the condensed consolidated financial statements).

On June 17, 2025, we, along with our joint venture partner, finalized a refinancing of the €655 million secured debt that was due on June 30, 2025, as more fully described in [Note 3](#) to the condensed consolidated financial statements. The refinancing will result in an increase in interest expense for the joint venture, which will impact our earnings from equity interests.

Debt Refinancing and Unutilized Financing Benefit (Costs)

Debt refinancing and unutilized financing benefit was \$0.2 million for the second quarter of 2025 compared to costs of \$3.0 million for the same period of 2024 which were incurred as a result of the reduction in revolving commitments under our Credit Facility and partial paydown of our British pound sterling term loan due 2025.

Other (Including Fair Value Adjustments on Securities)

Other expense for the second quarter of 2025 was \$124.4 million, compared to expense of \$167.7 million in the prior year. For the 2025 second quarter, we recognized approximately \$125 million in unfavorable non-cash fair value adjustments from our investments marked to fair value, primarily due to an approximate \$129 million unfavorable adjustment to our investment in PHP Holdings, partially offset by a favorable adjustment of approximately \$4 million related to our investment in Aevis. For the 2024 second quarter, we recognized an approximate \$160 million unfavorable adjustment to our investment in PHP Holdings. The remaining expense in the 2024 second quarter included approximately \$11.7 million of legal and other professional expenses associated with, among other things, responding to certain defamatory statements published by certain parties.

With certain investments accounted for at fair value, we may have positive or negative fair value adjustments from quarter-to-quarter.

Income Tax Expense

Income tax expense includes U.S. federal and state income taxes on our TRS entities, as well as non-U.S. income based or withholding taxes on certain investments located in jurisdictions outside the U.S. The \$9.8 million income tax expense for the three months ended June 30, 2025, is primarily based on the income generated by our investments in the U.K. and Germany and is less than the \$14.6 million income tax expense in the second quarter of 2024, due to a \$5 million additional tax expense in the second quarter of 2024 as a result of the gain on the interest rate swap associated with the internal restructuring of the British pound sterling term loan due 2025.

We utilize the asset and liability method of accounting for income taxes. Deferred tax assets are recorded to the extent we believe these assets will more likely than not be realized. In making such determination, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial performance. Based upon our review of all positive and negative evidence, including our three-year cumulative pre-tax book loss position in certain entities, we concluded that a valuation allowance of approximately \$473 million should be reflected against certain of our international and domestic net deferred tax assets at June 30, 2025. In the future, if we determine that it is more likely than not that we will realize our net deferred tax assets, we will reverse the applicable portion of the valuation allowance,

recognize an income tax benefit in the period in which such determination is made, and potentially incur higher income tax expense in future periods as income is earned.

Six Months Ended June 30, 2025 Compared to June 30, 2024

Net loss for the six months ended June 30, 2025, was (\$216.6) million, or (\$0.36) per share compared to a net loss of (\$1.2) billion, or (\$1.99) per share, for the six months ended June 30, 2024. This decrease in net loss is primarily driven by the \$830.5 million of impairment charges and negative fair value adjustments in 2024 primarily related to Steward and the international joint venture (all included in "Real estate and other impairment charges, net" line of the condensed consolidated statements of net income), whereas, we incurred only \$77.5 million in the first six months of 2025. In addition, we had an approximate \$360 million unfavorable fair value adjustment to our investment in PHP Holdings in the first six months of 2024 (compared to \$147 million in the same period of 2025) as reflected in "Other (including fair value adjustments on securities) line of the condensed consolidated statements of net income, and the \$410 million of impairment charges related to our Massachusetts-based partnership in the second quarter of 2024 reflected in "Earnings (loss) from equity interests" line of the condensed consolidated statements of net income. Normalized FFO, after adjusting for certain items (as more fully described in the section titled "Reconciliation of Non-GAAP Financial Measures" in Item 2 of this Quarterly Report on Form 10-Q), was \$162.5 million for the first six months of 2025, or \$0.27 per diluted share, as compared to \$281.2 million, or \$0.47 per diluted share, for the same period of 2024. This 42% decrease in Normalized FFO is primarily due to lower revenues as a result of various disposals in 2024 and 2025 and higher interest expense from our recent refinancing activities.

Revenues

A comparison of revenues for the six months ended June 30, 2025 and 2024 is as follows (dollar amounts in thousands):

	2025	% of Total	2024	% of Total	Year over Year Change
Rent billed	\$ 343,050	73.9%	\$ 383,063	71.2%	(10.4)%
Straight-line rent	79,792	17.2%	83,117	15.5%	(4.0)%
Income from financing leases	19,828	4.3%	44,034	8.2%	(55.0)%
Interest and other income	21,488	4.6%	27,662	5.1%	(22.3)%
Total revenues	<u>\$ 464,158</u>	<u>100.0%</u>	<u>\$ 537,876</u>	<u>100.0%</u>	<u>(13.7)%</u>

Our total revenues for the first six months of 2025 are down \$73.7 million, or 14%, over the same period in the prior year. This decrease is made up of the following:

- Operating lease revenue (includes rent billed and straight-line rent) – down \$43.3 million from the same period in the prior year, primarily due to property sales in 2024 and early 2025, resulting in a loss of operating lease revenue in the first half of 2025 compared to the same period of 2024 of approximately \$57 million and \$30 million from rent collected from Steward in the first six months of 2024 (none in the same period of 2025). This decrease was partially offset by \$25 million of operating lease revenue earned from the retensing of the former Steward-operated facilities, an increase of \$8 million due to increases in CPI above the contractual minimum escalations in our leases, \$4.8 million of favorable foreign currency fluctuations, more cash received from other cash basis tenants, and a \$0.9 million increase due to the completion of capital addition and development projects, including the commencement of rent on two development properties in 2024 and one in the 2025 first quarter.
- Income from financing leases – down \$24.2 million from the same period in the prior year primarily due to not receiving any cash for rent revenue from Prospect (cash basis tenant) in the first half of 2025, whereas we received and recorded \$25 million of rent from Prospect in the first six months of 2024. This decrease was partially offset by \$0.3 million from the increase in CPI above the lease contractual minimum escalations.
- Interest and other income – down approximately \$6.2 million from the same period in the prior year due to the following:
 - o Interest from loans – down \$6.0 million from the same period in the prior year, primarily due to an approximate \$3.5 million decrease from the sale of our interest in the Priory syndicated term loan in the first quarter of 2024 and other loan payoffs and approximately \$5 million less interest received from cash basis

tenants in the first half of 2025 compared to the same period of 2024, partially offset by approximately \$2 million of additional revenue from the funding of new loans.

- o Other income – down \$0.2 million from the prior year as we had less direct reimbursements from our cash basis tenants for ground leases, property taxes, and insurance.

Interest Expense

Interest expense for the six months ended June 30, 2025 and 2024 totaled \$245.5 million and \$210.1 million, respectively. This increase is primarily related to higher interest from our February 2025 debt refinancing activities (see [Note 4](#) to the condensed consolidated financial statements for further details), partially offset by lower interest expense from the decrease in average borrowings on our Credit Facility in the first half of 2025, compared to the same period of 2024, along with the payoff of our £493 million British pound sterling term loan in the first quarter of 2025. Overall, our weighted-average interest rate was 5.1% for the six months ended June 30, 2025, compared to 4.1% for the same period in 2024.

Real Estate Depreciation and Amortization

Real estate depreciation and amortization for the first six months of 2025 decreased to \$131.3 million from \$177.8 million for the same period of the prior year. This decrease is primarily due to a \$34 million increase in amortization expense in the second quarter of 2024 as a result of our change in the estimated useful life of the in-place lease intangible associated with the Steward master leases that ended well before the contractual term due to the bankruptcy process. The remaining decrease is due to the sale of various properties in 2024 and early 2025, partially offset by fluctuations in foreign currency.

Property-related

Property-related expenses totaled \$17.9 million and \$12.5 million for the six months ended June 30, 2025 and 2024, respectively. Of the property expenses in the first half of 2025 and 2024, approximately \$7.1 million and \$7.2 million, respectively, represents costs that were reimbursed by our tenants and included in the “Interest and other income” line on our condensed consolidated statements of net income. Net of reimbursement, our property-related expenses are higher than prior year due to having three additional vacant properties post Steward bankruptcy. We are in various stages of re-tenanting or selling our vacant properties, which make up less than 1% of our total assets.

General and Administrative

General and administrative expenses were \$68.1 million for the first half of 2025, compared to \$68.7 million for the same period of 2024. Share-based compensation expense was \$18.5 million for the first six months of 2025, compared to \$16.2 million for the same period of 2024, primarily due to the 2025 stock awards granted in the second quarter.

Gain on Sale of Real Estate

During the six months ended June 30, 2025, the gain on sale of real estate of \$13.3 million relates to the sale of three facilities. During the six months ended June 30, 2024, the gain on sale of real estate of \$383 million primarily relates to the sale of five Prime facilities and a 75% interest in five Utah facilities as part of the Utah Transaction as more fully described in [Note 3](#) to the condensed consolidated financial statements.

Real Estate and Other Impairment Charges, Net

In the first half of 2025, we recognized \$77.5 million of real estate and other impairment charges, primarily associated with our investments in Prospect and three hospitals in Colombia, as well as ongoing property taxes and other obligations not paid by our cash-basis tenants. In the same period of 2024, we recognized \$830.5 million of real estate and other impairment charges and fair value adjustments, primarily associated with our investments in Steward and the international joint venture. Of these charges, approximately \$100 million were real estate related due to ongoing re-tenanting and potentially selling of properties associated with our cash-basis tenants. The remaining \$730 million recognized in the first six months of 2024 represents non-real estate impairment charges and unfavorable fair value adjustments associated with our equity and loan investments in Steward and the international joint venture, along with ongoing property taxes and other obligations not paid by our cash-basis tenants.

Earnings (Loss) from Equity Interests

Earnings from equity interests was \$39.3 million for the six months ended June 30, 2025, compared to a loss of \$(391.2) million for the same period in 2024. This increase is primarily due to the \$410 million charge in the second quarter of 2024 associated with the real estate impairment in our Massachusetts-based partnership with Macquarie and our share of income in the Utah partnership that was formed in the 2024 second quarter, which included a \$21 million positive fair value adjustment in the first half of 2025, primarily related to its interest rate swap and an unrealized gain on investments in real estate.

Debt Refinancing and Unutilized Financing Benefit (Costs)

Debt refinancing and unutilized financing costs were \$3.6 million for the first half of 2025. These costs were incurred primarily as a result of the early redemption of our 3.325% Senior Unsecured Notes due 2025, 2.500% Senior Unsecured Notes due 2026, and 5.250% Senior Unsecured Notes due 2026. For the same period of 2024, these costs were \$3.0 million and were incurred as a result of the reduction in revolving commitments under our Credit Facility and partial paydown of our British pound sterling term loan due 2025.

Other (Including Fair Value Adjustments on Securities)

Other expense for the first six months of 2025 was \$169.6 million, compared to expense of \$397.0 million in the same period of the prior year. For 2025, we recognized approximately \$156 million in unfavorable non-cash fair value adjustments from our investments marked to fair value, primarily due to an approximate \$147 million unfavorable adjustment to our investment in PHP Holdings and approximately \$8 million related to our investment in Aevis. For the first six months of 2024, we recognized an approximate \$360 million unfavorable adjustment to our investment in PHP Holdings. The remaining expense in the first half of 2024 included a \$7.8 million economic loss from the sale of our interest in the Priory syndicated term loan and approximately \$17.6 million of legal and other professional expenses associated with, among other things, responding to certain defamatory statements published by certain parties.

Income Tax Expense

Income tax expense includes U.S. federal and state income taxes on our TRS entities, as well as non-U.S. income based or withholding taxes on certain investments located in jurisdictions outside the U.S. The \$19.2 million income tax expense for the six months ended June 30, 2025, is primarily based on the income generated by our investments in the U.K. and Germany and less than the \$25.5 million income tax expense in the first half of 2024 due to a \$5 million additional tax expense in the second quarter of 2024 as a result of the gain on the interest rate swap associated with the internal restructuring of the British pound sterling term loan due 2025.

We utilize the asset and liability method of accounting for income taxes. Deferred tax assets are recorded to the extent we believe these assets will more likely than not be realized. In making such determination, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial performance. Based upon our review of all positive and negative evidence, including our three-year cumulative pre-tax book loss position in certain entities, we concluded that a valuation allowance of approximately \$473 million should be reflected against certain of our international and domestic net deferred tax assets at June 30, 2025. In the future, if we determine that it is more likely than not that we will realize our net deferred tax assets, we will reverse the applicable portion of the valuation allowance, recognize an income tax benefit in the period in which such determination is made, and potentially incur higher income tax expense in future periods as income is earned.

Reconciliation of Non-GAAP Financial Measures

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

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

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

The following table presents a reconciliation of net loss attributable to MPT common stockholders to FFO and Normalized FFO for the three and six months ended June 30, 2025 and 2024 (in thousands except per share data):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
FFO information:				
Net loss attributable to MPT common stockholders	\$ (98,357)	\$ (320,635)	\$ (216,632)	\$ (1,196,260)
Participating securities' share in earnings	(224)	(654)	(341)	(654)
Net loss, less participating securities' share in earnings	\$ (98,581)	\$ (321,289)	\$ (216,973)	\$ (1,196,914)
Depreciation and amortization	81,332	117,239	158,223	211,482
Gain on sale of real estate	(5,212)	(384,824)	(13,271)	(383,401)
Real estate impairment (recoveries) charges	(17,715)	499,324	47,968	499,324
Funds from operations	\$ (40,176)	\$ (89,550)	\$ (24,053)	\$ (869,509)
Other impairment charges, net	19,613	50,073	33,511	744,978
Litigation, bankruptcy and other costs	2,156	11,738	12,203	17,608
Share-based compensation (fair value adjustments) (1)	(9,540)	—	(13)	—
Non-cash fair value adjustments	108,827	159,247	135,436	380,523
Tax rate changes and other	19	4,895	1,121	4,588
Debt refinancing and unutilized financing costs	463	2,964	4,259	2,964
Normalized funds from operations	<u>\$ 81,362</u>	<u>\$ 139,367</u>	<u>\$ 162,464</u>	<u>\$ 281,152</u>
Per diluted share data:				
Net loss, less participating securities' share in earnings	\$ (0.16)	\$ (0.54)	\$ (0.36)	\$ (1.99)
Depreciation and amortization	0.13	0.20	0.26	0.35
Gain on sale of real estate	(0.01)	(0.64)	(0.02)	(0.64)
Real estate impairment (recoveries) charges	(0.03)	0.83	0.08	0.83
Funds from operations	\$ (0.07)	\$ (0.15)	\$ (0.04)	\$ (1.45)
Other impairment charges, net	0.04	0.08	0.05	1.25
Litigation, bankruptcy and other costs	—	0.02	0.02	0.03
Share-based compensation (fair value adjustments) (1)	(0.02)	—	—	—
Non-cash fair value adjustments	0.19	0.27	0.23	0.63
Tax rate changes and other	—	0.01	—	0.01
Debt refinancing and unutilized financing costs	—	—	0.01	—
Normalized funds from operations	<u>\$ 0.14</u>	<u>\$ 0.23</u>	<u>\$ 0.27</u>	<u>\$ 0.47</u>

- (1) Total share-based compensation expense is \$0.9 million and \$18.5 million for the three and six months ended June 30, 2025, respectively, (including certain awards that are to be settled in cash). Cash-settled awards are recorded in accordance with GAAP at fair value and measured at each balance sheet date until settlement. The resulting fluctuations, which are primarily driven by changes in our stock price rather than operational performance, can introduce significant volatility in our earnings. To enhance comparability and provide a more stable view of performance over time, normalized FFO reflects a \$(9.5) million and less than \$(0.1) million adjustment in the three and six months ended June 30, 2025,

respectively, to arrive at total share-based compensation expense using grant date fair value for all awards (including cash-settled awards) of \$10.4 million and \$18.5 million for the three and six months ended June 30, 2025.

LIQUIDITY AND CAPITAL RESOURCES

2025 Cash Flow Activity

During the first six months of 2025, we generated approximately \$52 million of cash flows from operating activities, which were lower than the first six months of 2024 primarily due to approximately \$50 million of less cash rent received due to property sales in 2024 and the first half of 2025 and approximately \$45 million less cash rent and interest received from tenants accounted for on a cash basis, partially offset by a \$35 million decrease in interest paid for the first six months of 2025 compared to the same period of 2024. We used these operating cash flows, proceeds from our Credit Facility, and proceeds from asset sales to fund our dividends and other investing activities. During the first half of 2025, we repaid the remaining outstanding balance of the British pound sterling term loan due 2025 of £493 million, with a combination of cash on hand and available capacity under our Credit Facility. We also completed a private offering of \$1.5 billion in aggregate principal amount of senior secured notes due 2032 and €1.0 billion aggregate principal amount of senior secured notes due 2032. The net proceeds from the offering were approximately \$2.5 billion after deducting discounts, commissions, and other offering related expenses. We used the net proceeds from the offering to fund the redemption of our 3.325% Senior Unsecured Notes due 2025, 2.500% Senior Unsecured Notes due 2026, and 5.250% Senior Unsecured Notes due 2026, with the remainder of net proceeds used to paydown our Credit Facility by approximately \$800 million.

As a result of our Quarterly Report on Form 10-Q for the period ending March 31, 2024 not being filed timely, we were ineligible to file a new shelf registration statement on Form S-3 for sales of securities until June 1, 2025. However, on June 2, 2025, we filed a new shelf registration statement giving us the ability, once again, to raise capital in the public markets, if we choose to do so.

Subsequent to June 30, 2025 (and as noted in [Note 3](#) to the condensed consolidated financial statements), the bankruptcy court handling the Prospect bankruptcy approved, among other things, an interim order for additional loan advances to be made by us to the debtor including: a) up to \$55 million, for which we are funding \$15 million on August 8, 2025, to cover forecasted cash shortfalls by the debtor as it pursues sales of hospital operations and sales/leases of related real estate; b) approximately \$25 million for the full repayment of the current senior debtor-in-possession lender; and c) up to \$30 million in the form of a backstop facility to cover administrative and priority claims. Except for the \$15 million funding on August 8, 2025, all of the other loan advances are conditioned on other events occurring including further bankruptcy court approvals and meeting other milestones or requirements. Any additional loan advances (other than the backstop facility) will rank senior in priority as it relates to the recovery waterfall; while any funds advanced under the backstop facility will be secured by recoveries, if any, from causes of actions owned by the debtor.

Debt Amendments, Restrictions, and Covenant Compliance

On February 13, 2025 and concurrent with the closing of the Senior Secured Notes due 2032 as discussed in [Note 4](#) to the condensed consolidated financial statements, we amended the Credit Facility to among other things: (i) provide for the facility to be secured and guaranteed ratably with the senior notes issued concurrently, (ii) provide notice that we plan to exercise both of our maturity extension options such that the maturity of the revolving portion would move from June 30, 2026 to June 30, 2027, the same maturity date as our term loan facility (subject to the satisfaction of other conditions), (iii) reset the interest rate to SOFR plus 225 basis points (which had previously been moved to SOFR plus 300 basis points in August 2024), (iv) permanently remove financial covenants regarding minimum consolidated tangible net worth, maximum unsecured indebtedness to unencumbered asset value and minimum unsecured net operating income to unsecured interest expense, (v) amend certain definitions used in the financial covenant regarding maximum total indebtedness to total asset value to conform to corresponding definitions in our existing unsecured indentures and the secured notes issued concurrently and set the covenant level at 60%, (vi) set the maximum secured leverage ratio at 40%, and (vii) add mandatory prepayments of senior debt or addition of additional collateral in connection with any failure to (x) maintain a 65% maximum ratio of secured first lien debt to the undepreciated real estate value of the secured pool properties or (y) maintain a minimum senior secured debt service coverage ratio of 1.15:1.00 (increasing to 1.30:1.00 in 12 months).

As of August 5, 2025, we are in compliance with all such financial and operating covenants.

2024 Cash Flow Activity

During the first six months of 2024, we generated approximately \$110 million of cash flows from operating activities, primarily consisting of rent and interest from mortgage and other loans. In addition to operating cash flows, we received approximately \$1.5 billion during the first half of 2024 from the Utah Transaction and the sale of five Prime properties (as further discussed in [Note 3](#) to the condensed consolidated financial statements), along with approximately \$130 million from the sale of our interest in the syndicated Priory term loan and remaining minority interest in Lifepoint Behavioral. In May 2024, we closed on a new secured term loan, generating proceeds of approximately \$800 million. We used our operating cash flows, asset sale proceeds, and term loan proceeds to fund our dividends of \$183 million, approximately \$316 million of new loans, pay down portions of our Credit Facility and British pound sterling term loan due 2025, and to pay off our British pound sterling secured term loan due 2024.

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

- we completed the sale of five properties to Prime for cash proceeds of \$250 million along with a \$100 million interest-bearing mortgage loan that was repaid on August 29, 2024;
- we completed the Utah Transaction (as discussed in [Note 3](#) to the condensed consolidated financial statements) that generated cash proceeds of approximately \$1.1 billion. With the proceeds from these asset sales, we paid off and terminated our \$306 million Australian term loan facility that was due in May 2024 and reduced the outstanding balance on our Credit Facility;
- our Board of Directors declared a quarterly cash dividend of \$0.15 per common share on April 12, 2024, that was paid on May 1, 2024, totaling approximately \$90 million; and
- on May 24, 2024, we closed on a secured loan facility with a consortium of institutional investors that provides for a term loan in aggregate principal amount of approximately £631 million (approximately \$800 million) secured by a portfolio of 27 properties located in the U.K. currently leased to affiliates of Circle. We used the majority of the net proceeds of the facility to pay down portions of our Credit Facility and British pound sterling term loan due 2025, and to pay off our British pound sterling secured term loan due 2024 (approximately £105 million).

Short-term Liquidity Requirements:

Our short-term liquidity requirements typically consist of general and administrative expenses, dividends in order to comply with REIT requirements, interest payments on our debt, and planned funding commitments on development and capital improvement projects for the next twelve months. Our monthly rent and interest receipts and distributions from our joint venture arrangements (which we expect such distributions to be at least \$25 million in the second half of 2025) are typically enough to cover our short-term liquidity requirements.

Over the next twelve months, we expect our monthly rent and interest receipts to increase with our contractually required annual escalations but also from the ramp up of cash rents from the tenants that last year replaced Steward. We would expect these rent and interest increases to outpace the higher interest cost from the recent refinancings.

At August 5, 2025, we have no debt maturities coming due in the next twelve months, as we have provided notice of our intent to extend the revolving portion of our Credit Facility to 2027. In addition, we have liquidity of \$1.2 billion (including cash on hand and availability under the \$1.28 billion revolving portion of our Credit Facility). We believe this liquidity along with the expected cash receipts of rent and interest pursuant to our contractual agreements with our tenants/borrowers is sufficient to fund our short-term liquidity requirements, including any additional loan advances to the debtor as part of the ongoing Prospect bankruptcy, as discussed earlier.

Long-term Liquidity Requirements:

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

As described previously, our monthly rent and interest receipts and distributions from our joint venture arrangements along with our current liquidity of approximately \$1.2 billion at August 5, 2025, are typically enough to cover our short-term liquidity requirements. However, to further improve cash flows and to fund future debt maturities, we may need to look to other sources, which may include one or a combination of the following:

- further property sales or joint ventures;
- monetizing our investment in operators;
- reducing our dividend (or switching to a stock dividend), while still complying with REIT requirements and credit facility covenants;
- identifying and implementing cost reduction opportunities;
- entering into additional secured loans on real estate;

- extending the maturity or refinancing our existing Credit Facility and other term loans;
- entering into new bank term loans or issuing new USD, EUR, or GBP denominated debt securities; and
- sale of equity securities, which as noted earlier, we filed a new shelf registration statement on Form S-3 on June 2, 2025, giving us the ability to sell securities in the public market.

However, there is no assurance that conditions will be favorable for such possible transactions or that our plans will be successful. In addition, the Prospect bankruptcy related proceedings discussed previously could result in additional cash outflows as discussed above and/or negatively impact the timing, value, and/or our ability to sell or re-lease certain Prospect assets, which could negatively impact our liquidity.

Principal payments due on our debt (which exclude the effects of any discounts, premiums, or debt issue costs recorded) as of August 5, 2025 are as follows (in thousands):

2025	\$	—
2026		878,892 (1)
2027		1,600,000
2028		797,940
2029		900,000
Thereafter		5,262,636
Total	\$	9,439,468

- (1) \$300 million represents the outstanding balance of our revolving credit facility for which we have provided notice of our intent to extend to 2027 - see [Note 4](#) to the condensed consolidated financial statements for further details.

Contractual Commitments

We presented our contractual commitments in our 2024 Annual Report on Form 10-K, which factored in our debt refinancing activities in February 2025. There have been no significant changes through August 5, 2025 other than activity on the revolving portion of our Credit Facility as reflected in the table below as of August 5, 2025 (in thousands):

Contractual Commitments	2025(1)	2026	2027	2028	2029	Thereafter	Total
Revolving credit facility	\$ 7,350	\$ 309,152	\$ —	\$ —	\$ —	\$ —	\$ 316,502

- (1) This column represents obligations post August 5, 2025.

Distribution Policy

The table below is a summary of our distributions declared (and paid in cash) during the two year period ended June 30, 2025:

Declaration Date	Record Date	Date of Distribution	Distribution per Share
May 29, 2025	June 18, 2025	July 17, 2025	\$ 0.08
February 13, 2025	March 10, 2025	April 10, 2025	\$ 0.08
November 21, 2024	December 12, 2024	January 9, 2025	\$ 0.08
August 22, 2024	September 9, 2024	October 10, 2024	\$ 0.08
May 30, 2024	June 10, 2024	July 9, 2024	\$ 0.15
April 12, 2024	April 22, 2024	May 1, 2024	\$ 0.15
November 9, 2023	December 7, 2023	January 11, 2024	\$ 0.15
August 21, 2023	September 14, 2023	October 12, 2023	\$ 0.15

It is our policy to make sufficient distributions to stockholders in order for us to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended, and to efficiently manage corporate income and excise taxes on undistributed income. Although we have only made cash distributions historically, we may consider making stock dividends in the future for liquidity purposes, while still complying with REIT requirements. In addition, our Credit Facility limits the amount of cash dividends we can make- see [Note 4](#) to the condensed consolidated financial statements for further information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

In addition, the value of our facilities will be subject to fluctuations based on changes in local and regional economic conditions and changes in the ability of our tenants to generate profits.

Our primary exposure to market risks relates to fluctuations in interest rates and foreign currency. The following analyses present the sensitivity of the market value, earnings, and cash flows of our significant financial instruments to hypothetical changes in interest rates and exchange rates as if these changes had occurred. The hypothetical changes chosen for these analyses reflect our view of changes that are reasonably possible over a one-year period. These forward-looking disclosures are selective in nature and only address the potential impact from these hypothetical changes. They do not include other potential effects which could impact our business as a result of changes in market conditions. In addition, they do not include measures we may take to minimize our exposure such as entering into future interest rate swaps to hedge against interest rate increases on our variable rate debt.

Interest Rate Sensitivity

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income to common stockholders or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact net income to common stockholders and cash flows, assuming other factors are held constant. At June 30, 2025, our outstanding debt totaled \$9.8 billion (excluding the effects of any discount or debt issue costs recorded), which consisted of fixed-rate debt of approximately \$9.0 billion and variable rate debt of \$0.8 billion. If market interest rates increase by 10% on our fixed rate debt, the fair value of our debt at June 30, 2025 would decrease by approximately \$257 million. Changes in the fair value of our fixed rate debt will not have any impact on us unless we decided to repurchase the debt in the open market.

If market rates of interest on our variable rate debt increase by 10%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by \$5.1 million per year. If market rates of interest on our variable rate debt decrease by 10%, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by \$5.1 million per year. This assumes that the average amount outstanding under our variable rate debt for a year is \$0.8 billion, the balance of such variable rate debt at June 30, 2025.

Foreign Currency Sensitivity

With our investments in the U.K., Germany, Spain, Italy, Portugal, Switzerland, Finland, and Colombia, we are subject to fluctuations in the British pound, euro, Swiss franc, and Colombian peso to U.S. dollar currency exchange rates. Although we generally deem investments in these countries to be of a long-term nature, are typically able to match any non-U.S. dollar borrowings with investments in such currencies, and historically have not needed to repatriate a material amount of earnings back to the U.S., increases or decreases in the value of the respective non-U.S. dollar currencies to U.S. dollar exchange rates may impact our financial condition and/or our results of operations. Based on our 2025 results to-date, a 10% increase or decrease in exchange rates would have impacted our net loss by \$1.9 million.

Item 4. Controls and Procedures.

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

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

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

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are party to various lawsuits as further described in [Note 9](#) “Contingencies” to the condensed consolidated financial statements. We have not recorded a liability related to these lawsuits because, at this time, we are unable to determine whether an unfavorable outcome is possible or to estimate reasonably possible losses.

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

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors as presented in our Annual Report on Form 10-K for the year ended December 31, 2024.

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

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

The table below summarizes repurchases of our common stock made during the quarter ended June 30, 2025:

Period	Total number of shares purchased(1) (in thousands)	Average price per share	Total number of shares purchased as part of publicly announced programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in thousands)
April 1-April 30, 2025	87	\$ 5.24	—	\$ —
(1)	The number of shares purchased consists of shares of common stock tendered by employees to satisfy the employees' tax withholding obligations arising as a result of vesting of restricted stock awards under the Equity Incentive Plan, which shares were purchased based on their fair market value on the vesting date.			

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

- (a) None.
- (b) None.
- (c) Director and Officer Trading Arrangements

During the three months ended June 30, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities and Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
31.1*	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)</u>
31.3*	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)</u>
31.4*	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)</u>
32.1**	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Medical Properties Trust, Inc.)</u>
32.2**	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (MPT Operating Partnership, L.P.)</u>
Exhibit 101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
Exhibit 104*	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)

* Filed herewith.

** Furnished herewith.

SIGNATURE

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

MEDICAL PROPERTIES TRUST, INC.

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

MPT OPERATING PARTNERSHIP, L.P.

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

Date: August 8, 2025

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

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

- 1) I have reviewed this quarterly report on Form 10-Q of Medical Properties Trust, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2025

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer

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

I, R. Steven Hamner, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Medical Properties Trust, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2025

/s/ R. Steven Hamner

R. Steven Hamner

Executive Vice President and Chief Financial Officer

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

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

- 1) I have reviewed this quarterly report on Form 10-Q of MPT Operating Partnership, L.P.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2025

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer of the sole member of the general partner of MPT Operating Partnership, L.P.

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

I, R. Steven Hamner, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of MPT Operating Partnership, L.P.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2025

/s/ R. Steven Hamner

R. Steven Hamner

Executive Vice President and Chief Financial Officer of the sole member of the general partner of MPT Operating Partnership, L.P.

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

In connection with this quarterly report on Form 10-Q of Medical Properties Trust, Inc. (the “Company”) for the quarter ended June 30, 2025 (the “Report”), each of the undersigned, Edward K. Aldag, Jr. and R. Steven Hamner, certifies, pursuant to Section 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2025

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer

/s/ R. Steven Hamner

R. Steven Hamner

Executive Vice President and Chief Financial Officer

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

In connection with this quarterly report on Form 10-Q of MPT Operating Partnership, L.P. (the “Company”) for the quarter ended June 30, 2025 (the “Report”), each of the undersigned, Edward K. Aldag, Jr. and R. Steven Hamner, certifies, pursuant to Section 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2025

/s/ Edward K. Aldag, Jr.

Edward K. Aldag, Jr.

Chairman, President and Chief Executive Officer of the sole member of the
general partner of MPT Operating Partnership, L.P.

/s/ R. Steven Hamner

R. Steven Hamner

Executive Vice President and Chief Financial Officer of the sole member of the
general partner of MPT Operating Partnership, L.P.
