

MEDICAL PROPERTIES TRUST INC

Form 10-K/A

April 22, 2008

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

**FORM 10-K/A
(Amendment No. 1)**

(Mark One)

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

For the fiscal year ended December 31, 2007

or

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

Commission file number 001-32559

Medical Properties Trust, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

*(State or Other Jurisdiction of Incorporation or
Organization)*

**1000 Urban Center Drive, Suite 501
Birmingham, AL**

(Address of Principal Executive Offices)

20-0191742

(IRS Employer Identification No.)

35242

(Zip Code)

(205) 969-3755

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, par value \$0.001 per share

New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

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

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The aggregate market value of shares of the Registrant's common stock, par value \$0.001 per share (Common Stock), held by non-affiliates of the Registrant as of June 30, 2007 was approximately \$655,917,760. For purposes of the foregoing calculation only, all directors and executive officers of the Registrant have been deemed affiliates.

As of March 13, 2008, 53,710,574 shares of the Registrant's Common Stock were outstanding.

Portions of the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 22, 2008 are incorporated by reference into Part III, Items 10 through 14 of this Annual Report on Form 10-K.

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**MEDICAL PROPERTIES TRUST, INC.
AMENDMENT No. 1 TO ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

This Amendment No. 1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 of Medical Properties Trust, Inc. is filed for the purpose of (1) correcting a clerical error in the Report of Independent Registered Public Accounting Firm included in Item 9A Controls and Procedures to remove the phrase an opinion on management s assessment and because for fiscal years beginning in 2007 the independent registered public accounting firm is no longer required to provide an opinion on management s assessment of its controls over financial reporting, and (2) correcting the distributions declared for the year ended December 31, 2007 as reported in Item 6 Selected Financial Data and Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations. In addition, Item 15 of Part IV has been amended to incorporate by reference the exhibits filed with the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and to contain currently dated certifications from the our Chief Executive Officer and Chief Financial Officer, as required by section 302 of the Sarbanes-Oxley Act of 2002. Except as described above, no other changes have been made to the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and no attempt has been made in this Amendment No. 1 to modify or update disclosures for subsequent events.

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The following table sets forth selected financial and operating information on a historical basis for the years ended December 31, 2007, 2006, 2005, and 2004, and for the period from inception (August 27, 2003) to December 31, 2003:

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006	For the Year Ended December 31, 2005	For the Year Ended December 31, 2004	Period from Inception (August 27, 2003) to December 31, 2003
OPERATING DATA					
Total revenue	\$ 96,287,363	\$ 50,471,432	\$ 30,452,545	\$ 10,893,459	\$
Depreciation and amortization	12,612,630	6,704,924	4,182,731	1,478,470	
General and administrative expenses	15,791,840	10,190,850	8,016,992	5,150,786	992,418
Interest expense	28,236,502	4,417,955	1,521,169	32,769	
Income (loss) from continuing operations	40,009,949	29,672,741	18,822,785	4,576,349	(1,023,276)
Income from discontinued operations	1,229,690	486,957	817,562		
Net income (loss)	\$ 41,239,639	\$ 30,159,698	\$ 19,640,347	\$ 4,576,349	\$ (1,023,276)
Income (loss) from continuing operations per diluted common share	\$ 0.84	\$ 0.75	\$ 0.58	\$ 0.24	\$ (0.63)
Income from discontinued operations per diluted common share	0.02	0.01	0.03		
Net income (loss) per diluted common share	\$ 0.86	\$ 0.76	\$ 0.61	\$ 0.24	\$ (0.63)
Weighted average number of common shares diluted	47,903,432	39,701,976	32,370,089	19,312,634	1,630,435
OTHER DATA					
Net income (loss)	\$ 41,239,639	\$ 30,159,698	\$ 19,640,347	\$ 4,576,349	\$ (1,023,276)
Depreciation and amortization	12,612,630	6,704,924	4,182,731	1,478,470	
Gain on sale of real estate sold	(4,061,626)				
Funds from operations	\$ 49,790,643	\$ 36,864,622	\$ 23,823,078	\$ 6,054,819	\$ (1,023,276)
	\$ 1.03	\$ 0.93	\$ 0.74	\$ 0.31	\$ (0.63)

Funds from operations per diluted common share								
Dividends declared per diluted common share	\$	1.08	\$	0.99	\$	0.62	\$	0.21
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	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
BALANCE SHEET DATA					
Real estate assets at cost	\$ 657,904,249	\$558,124,367	\$337,102,392	\$151,690,293	\$ 166,301
Other loans and investments	265,758,273	150,172,830	85,813,486	50,224,069	
Cash and equivalents	94,215,134	4,102,873	59,115,832	97,543,677	100,000
Total assets	1,051,660,686	744,756,745	495,452,717	306,506,063	468,133
Debt	480,525,166	304,961,898	65,010,178	56,000,000	100,000
Other liabilities	57,937,525	95,021,876	71,991,531	17,777,619	1,389,779
Minority interests	77,552	1,051,835	2,173,866	1,000,000	
Total stockholders equity (deficit)	513,120,443	343,721,136	356,277,142	231,728,444	(1,021,646)
Total liabilities and stockholders equity (deficit)	1,051,660,686	744,756,745	495,452,717	306,506,063	468,133,063

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

We were incorporated in Maryland on August 27, 2003 primarily for the purpose of investing in and owning net-leased healthcare facilities across the United States. We also make real estate mortgage loans and other loans to our tenants. We have operated as a real estate investment trust (REIT) since April 6, 2004, and accordingly, elected REIT status upon the filing in September 2005 of our calendar year 2004 Federal income tax return. Our existing tenants are, and our prospective tenants will generally be, healthcare operating companies and other healthcare providers that use substantial real estate assets in their operations. We offer financing for these operators' real estate through 100% lease and mortgage financing and generally seek lease and loan terms typically for 15 years with a series of shorter renewal terms at the option of our tenants and borrowers. We also have included and intend to include in our lease and loan agreements annual contractual rate increases that in the current market range from 1.5% to 3.5%. Our existing portfolio escalators range from 0% to 2.5%. Most of our leases and loans also include rate increases based on the general rate of inflation if greater than the minimum contractual increases. In addition to the base rent, our leases require our tenants to pay all operating costs and expenses associated with the facility. Some leases also require our tenants to pay percentage rents which are based on the level of those tenants' net revenues from their operations.

We selectively make loans to certain of our operators through our taxable REIT subsidiary, which they use for acquisitions and working capital. We consider our lending business an important element of our overall business strategy for two primary reasons: (1) it provides opportunities to make income-earning investments that yield attractive risk-adjusted returns in an industry in which our management has expertise, and (2) by making debt capital available to certain qualified operators, we believe we create for our company a competitive advantage over other buyers of, and financing sources for, healthcare facilities. For purpose of Statement of Financial Accounting Standards (SFAS) No. 131, *Disclosures about Segments of an Enterprise and Related Information*, we conduct business operations in one segment.

At December 31, 2007, our portfolio consisted of 28 properties: 25 healthcare facilities which we own are leased to eight tenants with the remainder in the form of mortgage loans secured by interests in health care real estate. We had one acquisition loan outstanding, the proceeds of which our tenant used for the acquisition of six hospital operating companies. The facilities we owned and the facilities that secured our mortgage loans were in ten states, had a carrying cost of approximately \$820.2 million (including the balances of our mortgage loans) and comprised approximately 78.0% of our total assets. Our acquisition and other loans of approximately \$85.1 million represented approximately 8.1% of our total assets. We do not expect such non-mortgage loans at any time to exceed 20% of our total assets. We also had cash and temporary investments of approximately \$94.2 million that represented approximately 9.0% of our total assets. Subsequent to December 31, 2007, we used approximately \$83.0 million of such cash to repay our revolving credit facilities.

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

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

the historical and prospective operating margins (measured by a tenant's earnings before interest, taxes, depreciation, amortization and facility rent) of each tenant or borrower and at each facility;

the ratio of our tenants' and borrowers' operating earnings both to facility rent and to facility rent plus other fixed costs, including debt costs;

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trends in the source of our tenants' or borrowers' revenue, including the relative mix of Medicare, Medicaid/MediCal, managed care, commercial insurance, and private pay patients; and

the effect of evolving healthcare regulations on our tenants' and borrowers' profitability.

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

trends in the cost and availability of capital, including market interest rates, that our prospective tenants may use for their real estate assets instead of financing their real estate assets through lease structures;

unforeseen changes in healthcare regulations that may limit the opportunities for physicians to participate in the ownership of healthcare providers and healthcare real estate;

reductions in reimbursements from Medicare, state healthcare programs, and commercial insurance providers that may reduce our tenants' profitability and our lease rates; and

competition from other financing sources.

At March 1, 2008, we had 26 employees. Over the next 12 months, we expect to add four to six additional employees.

Critical Accounting Policies

In order to prepare financial statements in conformity with accounting principles generally accepted in the United States, we must make estimates about certain types of transactions and account balances. We believe that our estimates of the amount and timing of lease revenues, credit losses, fair values and periodic depreciation of our real estate assets, stock compensation expense, and the effects of any derivative and hedging activities have significant effects on our financial statements. Each of these items involves estimates that require us to make subjective judgments. We rely on our experience, collect historical and current market data, and develop relevant assumptions to arrive at what we believe to be reasonable estimates. Under different conditions or assumptions, materially different amounts could be reported related to the accounting policies described below. In addition, application of these accounting policies involves the exercise of judgment on the use of assumptions as to future uncertainties and, as a result, actual results could materially differ from these estimates. Our accounting estimates include the following:

Revenue Recognition. Our revenues, which are comprised largely of rental income, include rents that each tenant pays in accordance with the terms of its respective lease reported on a straight-line basis over the initial term of the lease. Since some of our leases provide for rental increases at specified intervals, straight-line basis accounting requires us to record as an asset, and include in revenues, straight-line rent that we will only receive if the tenant makes all rent payments required through the expiration of the term of the lease.

Accordingly, our management must determine, in its judgment, to what extent the straight-line rent receivable applicable to each specific tenant is collectible. We review each tenant's straight-line rent receivable on a quarterly basis and take into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates, and economic conditions in the area in which the facility is located. In the event that the collectibility of straight-line rent with respect to any given tenant is in doubt, we are required to record an increase in our allowance for uncollectible accounts or record a direct write-off of the specific rent receivable, which would have an adverse effect on our net income for the year in which the reserve is increased or the direct write-off is recorded and would decrease our total assets and stockholders' equity. At that time, we stop accruing additional straight-line rent income.

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Our development projects normally allow us to earn what we term construction period rent. We record the accrued construction period rent as a receivable and as deferred revenue during the construction period. We recognize earned revenue on the straight-line method as the construction period rent is paid to us by the lessee/operator, usually beginning when the lessee/operator takes physical possession of the facility.

We make loans to certain tenants and from time to time may make construction or mortgage loans to facility owners or other parties. We recognize interest income on loans as earned based upon the principal amount outstanding. These loans are generally secured by interests in real estate, receivables, the equity interests of a tenant, or corporate and individual guarantees. As with straight-line rent receivables, our management must also periodically evaluate loans to determine what amounts may not be collectible. Accordingly, a provision for losses on loans receivable is recorded when it becomes probable that the loan will not be collected in full. The provision is an amount which reduces the loan to its estimated net receivable value based on a determination of the eventual amounts to be collected either from the debtor or from the collateral, if any. At that time, we discontinue recording interest income on the loan to the tenant.

Investments in Real Estate. We record investments in real estate at cost, and we capitalize improvements and replacements when they extend the useful life or improve the efficiency of the asset. While our tenants are generally responsible for all operating costs at a facility, to the extent that we incur costs of repairs and maintenance, we expense those costs as incurred. We compute depreciation using the straight-line method over the estimated useful life of 40 years for buildings and improvements, five to seven years for equipment and fixtures, and the shorter of the useful life or the remaining lease term for tenant-owned improvements and leasehold interests.

We are required to make subjective assessments as to the useful lives of our facilities for purposes of determining the amount of depreciation expense to record on an annual basis with respect to our investments in real estate improvements. These assessments have a direct impact on our net income because, if we were to shorten the expected useful lives of our investments in real estate improvements, we would depreciate these investments over fewer years, resulting in more depreciation expense and lower net income on an annual basis.

We have adopted SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which establishes a single accounting model for the impairment or disposal of long-lived assets, including discontinued operations. SFAS No. 144 requires that the operations related to facilities that have been sold, or that we intend to sell, be presented as discontinued operations in the statement of operations for all periods presented, and facilities and related assets we intend to sell be designated as held for sale on our balance sheet.

When circumstances such as adverse market conditions indicate a possible impairment of the value of a facility, we review the recoverability of the facility's carrying value. The review of recoverability is based on our estimate of the future undiscounted cash flows, excluding interest charges, from the facility's use and eventual disposition. Our forecast of these cash flows considers factors such as expected future operating income, market and other applicable trends, and residual value, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a facility, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the facility. We are required to make subjective assessments as to whether there are impairments in the values of our investments in real estate.

Purchase Price Allocation. We record above-market and below-market in-place lease values, if any, for the facilities we own which are based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease. We amortize any resulting capitalized above-market lease values as a reduction of rental income over the remaining non-cancelable terms of the respective leases. We amortize any resulting capitalized below-market lease values as an increase to rental income over the initial term and any fixed-rate renewal periods in the respective leases. The Company's strategy to date has been the simultaneous acquisition of facilities and the origination of new long-term leases at market rates. Future acquisitions, in some cases, may be for properties with in-place leases which may require the evaluation of above-market and below-market lease values.

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We measure the aggregate value of other intangible assets to be acquired based on the difference between (i) the property valued with new or existing leases adjusted to market rental rates and (ii) the property valued as if vacant. Management's estimates of value are made using methods similar to those used by independent appraisers (e.g., discounted cash flow analysis). Factors considered by management in its analysis include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. We also consider information obtained about each targeted facility as a result of our pre-acquisition due diligence, marketing, and leasing activities in estimating the fair value of the tangible and intangible assets acquired. In estimating carrying costs, management also includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which we expect to range primarily from three to 18 months, depending on specific local market conditions. Management also estimates costs to execute similar leases including leasing commissions, legal costs, and other related expenses to the extent that such costs are not already incurred in connection with a new lease origination as part of the transaction.

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

We amortize the value of in-place leases to expense over the initial term of the respective leases, which are typically 15 years. The value of customer relationship intangibles is amortized to expense over the initial term and any renewal periods in the respective leases, but in no event will the amortization period for intangible assets exceed the remaining depreciable life of the building. Should a tenant terminate its lease, the unamortized portion of the in-place lease value and customer relationship intangibles are charged to expense.

Accounting for Derivative Financial Investments and Hedging Activities. We account for our derivative and hedging activities, if any, using SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 137 and SFAS No. 149, which requires all derivative instruments to be carried at fair value on the balance sheet.

Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. We expect to formally document all relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking each hedge transaction. We plan to review periodically the effectiveness of each hedging transaction, which involves estimating future cash flows. Cash flow hedges, if any, will be accounted for by recording the fair value of the derivative instrument on the balance sheet as either an asset or liability, with a corresponding amount recorded in other comprehensive income within stockholders' equity. Amounts will be reclassified from other comprehensive income to the income statement in the period or periods the hedged forecasted transaction affects earnings. Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, which we expect to affect the Company primarily in the form of interest rate risk or variability of interest rates, are considered fair value hedges under SFAS No. 133.

In 2006, we entered into derivative contracts as part of our offering of Exchangeable Senior Notes due 2011 (the exchangeable notes). The contracts are generally termed "capped call" or "call spread" contracts. These contracts are financial instruments which are separate from the exchangeable notes themselves, but affect the overall potential number of shares which will be issued by us to satisfy the conversion feature in the exchangeable notes. The exchangeable notes can be exchanged into shares of our common stock when our stock price exceeds \$16.51 per share, which is the equivalent of 60.5566 shares per \$1,000 note. The number of shares actually issued upon conversion is equivalent to the amount by which our stock price exceeds \$16.51 times the 60.5566 conversion rate. The "capped call" transaction allowed us to effectively increase that exchange price from \$16.51 to \$18.94. Therefore, our shareholders would not experience dilution of their shares from any settlement or conversion of the exchangeable notes until the price of our stock exceeds \$18.94 per share rather than \$16.51 per share. When evaluating this

transaction, we have followed the guidance in Emerging Issues Task Force (EITF) No. 00-19

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Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock. EITF No. 00-19 requires that contracts such as this capped call which meet certain conditions must be accounted for as permanent adjustments to equity rather than periodically adjusted to their fair value as assets or liabilities. We have evaluated the terms of these contracts and have determined that this capped call must be recorded as a permanent adjustment to stockholders' equity. We have therefore shown the premium paid in this transaction as a one-time adjustment in the statement of stockholders' equity.

The exchangeable notes themselves also contain the conversion feature described above. SFAS No. 133 also states that certain embedded derivative contracts must follow the guidance of EITF No. 00-19 and be evaluated as though they also were a freestanding derivative contract. Embedded derivative contracts such as the conversion feature in the notes should not be treated as a financial instrument separate from the note if it meets certain conditions in EITF No. 00-19. We have evaluated the conversion feature in the exchangeable notes and have determined that it should not be reported separately from the debt.

Variable Interest Entities. In January 2003, the FASB issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. In December 2003, the FASB issued a revision to FIN 46, which is termed FIN 46(R). FIN 46(R) clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, and provides guidance on the identification of entities for which control is achieved through means other than voting rights, guidance on how to determine which business enterprise should consolidate such an entity, and guidance on when it should do so. This model for consolidation applies to an entity in which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. An entity meeting either of these two criteria is a variable interest entity, or VIE. A VIE must be consolidated by any entity which is the primary beneficiary of the VIE. If an entity is not the primary beneficiary of the VIE, the VIE is not consolidated. We periodically evaluate the terms of our relationships with our tenants and borrowers to determine whether we are the primary beneficiary and would therefore be required to consolidate any tenants or borrowers that are VIEs. Our evaluations of our transactions indicate that we have loans receivable from two entities which we classify as VIEs. However, because we are not the primary beneficiary of these VIEs, we do not consolidate these entities in our financial statements.

Stock-Based Compensation. Prior to 2006, we used the intrinsic value method to account for the issuance of stock options under our equity incentive plan in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*. SFAS No. 123(R) became effective for our annual and interim periods beginning January 1, 2006, but had no material effect on the results of our operations. During the years ended December 31, 2007 and 2006, we recorded approximately \$4.5 million and \$3.1 million, respectively, of expense for share-based compensation related to grants of restricted common stock, deferred stock units and other stock-based awards. In 2006, we also granted performance-based restricted share awards. Because these awards will vest based on the Company's performance, we must evaluate and estimate the probability of achieving those performance targets. Any changes in these estimates and probabilities must be recorded in the period when they are changed. In 2007, the Compensation Committee made awards which are earned only if the Company achieves certain stock price levels, total shareholder return or other market conditions. The 2007 awards were made pursuant to the Company's 2007 Multi-Year Incentive Plan (MIP) adopted by the Compensation Committee and consisted of three components: service-based awards, core performance awards (CPRE), and superior performance awards (SPRE). The service-based awards vest annually and ratably over a seven-year period. We recognize expense over the vesting period on the straight-line method for service based awards. The CPRE and SPRE awards vest based on what SFAS No. 123(R) terms "market conditions". Market conditions are vesting conditions which are based on our stock price levels or our total shareholder return (stock price and dividends) compared to an index of other REIT stocks. The SPRE awards require additional service after being earned, if they are in fact earned. For the CPRE awards, the period over which the awards are earned is not fixed because the awards provide for cumulative measures over multiple years. SFAS No. 123(R) requires that we estimate the period over which the awards will likely be earned, regardless of the period over which the award allows as the maximum period over which it can be earned. Also, because some awards have multiple periods over which they can be earned, we must segregate individual awards into tranches, based on their vesting or estimated earning periods.

These complexities required us to use an independent consultant to model both the value of the award and the various periods over which the each tranche of an award will be earned. Our consultant used what is termed a Monte Carlo simulation model which determines a value and earnings periods based on multiple outcomes and their probabilities. Beginning in 2007, we have begun recording expense over the

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expected or derived vesting periods using the calculated value of the awards. We must record expense over these vesting periods even though the awards have not yet been earned and, in fact, may never be earned. In some cases, if the award is not earned, we will be required to reverse expenses recognized in earlier periods. As a result, future stock-based compensation expense may fluctuate based on the potential reversal of previously recorded expense.

Disclosure of Contractual Obligations

The following table summarizes known material contractual obligations associated with investing and financing activities as of December 31, 2007:

Contractual Obligations	Less Than			More than	Total
	1 Year	1-3 Years	3-5 Years	5 Years	
Senior notes	9,630,775	19,261,550	17,825,825	156,904,466	203,622,616
Exchangeable notes	8,452,500	16,905,000	145,364,096		170,721,596
Revolving credit facility(1)	88,084,252	10,094,727	77,687,920		175,866,899
Term Note	5,139,626	10,144,019	67,586,331		82,869,976
Operating lease commitments(2)	820,886	1,675,297	1,728,843	31,001,675	35,226,701
Totals	\$ 112,128,039	\$ 58,080,593	\$ 310,193,015	\$ 187,906,141	\$ 668,307,788

(1) Assumes the balance and interest rates are those in effect at December 31, 2007 and no principal payments are made until the expiration of the facilities.

(2) Some of our contractual obligations to make operating lease payments are related to ground leases for which we are reimbursed by our tenants.

Liquidity and Capital Resources

At December 31, 2007 we had cash and short-term investments of approximately \$94.2 million. In early January 2008 we used approximately \$83.0 million of cash to reduce the balances under our revolving credit facilities. Subsequent to the early January repayment, we have available under our credit facilities approximately \$120 million in borrowing capacity. The terms of one of our credit facilities give us the right to increase its total size from \$220 million presently to \$350 million. However, any such expansion is subject to pricing and other market conditions, and we believe it is unlikely that lenders in the present market would commit to additional capacity at

pricing levels that we would find acceptable.

Short-term Liquidity Requirements: We believe that the \$120 million available to us mentioned above is sufficient to provide the resources necessary for operations, distributions in compliance with REIT requirements and a limited amount of acquisitions. In the event that we elect to make more than a limited amount of acquisitions in the near term, we will need to access additional capital. Based on current conditions in the capital markets, we believe such capital will be available; however, the capital markets have recently been highly volatile and there is no assurance that we could obtain acquisition capital at prices that we consider acceptable.

Long-term Liquidity Requirements: We believe that cash flow from operating activities subsequent to 2007 and available borrowing capacity will be sufficient to provide adequate working capital and make required distributions to our stockholders in compliance with our requirements as a REIT. To maintain our growth plans, and because of the tax requirements that we distribute a substantial portion of our earnings, we will need combined access to capital. To the extent market conditions or conditions specific to us make such capital unavailable or unaffordable, we may be unable to execute our growth strategies or we may be able to grow only at rates and margins lower than what we have anticipated.

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During 2007 we invested approximately \$316 million, or approximately 42% of our December 31, 2006 total assets, in new hospital real estate assets. We received early pay-offs of approximately \$65 million in mortgage loans and approximately \$8 million in other loans. Our net increase in assets during 2007, after consideration of the January 2008 credit facility reductions, was approximately \$228 million, or approximately 31%.

Results of Operations

We began operations during the second quarter of 2004. Since then, we have substantially increased our income earning investments each year, and we expect to continue to materially add to our investment portfolio, subject to the capital markets and other conditions described in this Annual Report on Form 10-K. Accordingly, we expect that future results of operations will vary materially from our historical results. The results of operations presented below for the year ended December 31, 2005, have been adjusted to reflect the operations of two facilities which are recorded as discontinued operations at December 31, 2007.

Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006

Net income for the year ended December 31, 2007 was \$41,239,639 compared to net income of \$30,159,698 for the year ended December 31, 2006.

A comparison of revenues for the years ended December 31, 2007 and 2006 is as follows:

	2007		2006		Change
Base rents	\$ 54,232,567	56.3%	\$ 29,806,171	59.1%	\$ 24,426,396
Straight-line rents	11,079,704	11.5%	5,952,442	11.8%	5,127,262
Percentage rents	607,121	0.6%	2,384,601	4.7%	(1,777,480)
Interest from loans	26,000,486	27.0%	11,893,339	23.6%	14,107,147
Fee income	4,367,485	4.6%	434,879	0.8%	3,932,606
Total revenue	\$ 96,287,363	100.0%	\$ 50,471,432	100.0%	\$ 45,815,931

Revenue for the year ended December 31, 2007, was comprised of rents (68.4%) and interest and fee income from loans (31.6%). Our base and straight-line rents increased in 2007 due to the acquisition of four facilities and opening of two developments in 2007. Interest income from loans in the year ended December 31, 2007, increased primarily due to origination of two additional mortgage loans totaling \$120,000,000 in the first quarter of 2007 offset by the repayment of a \$40 million mortgage loan in the second quarter of 2007 and a \$25 million mortgage loan in the fourth quarter of 2007. Our fee income increased in 2007 due to the receipt of \$3.8 million in mortgage loan pre-payment fees.

Vibra accounted for 31.3% and 55.0% of our gross revenues in 2007 and 2006, respectively. This includes percentage rents of approximately \$0.5 million and \$2.4 million in 2007 and 2006, respectively. We expect that the portion of our total revenues attributable to Vibra will decline in relation to our total revenue, and based solely on our portfolio at December 31, 2007, we estimate that Vibra will represent 18.5% of total revenue in 2008. At December 31, 2007, assets leased and loaned to Vibra comprised 19.7% of our total assets and 23.7% of our total investment.

Depreciation and amortization during the year ended December 31, 2007 was \$12,612,630, compared to \$6,704,924 during the year ended December 31, 2006. All of this increase is related to an increase in the number of rent producing properties from 21 (cost \$437.4 million) at December 31, 2006 to 25 (cost \$657.5 million) at December 31, 2007. We expect our depreciation and amortization expense to continue to increase commensurate with our acquisition and development activity.

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General and administrative expenses during the years ended December 31, 2007 and 2006, totaled \$15,971,840 and \$10,190,850, respectively, which represents an increase of 55.0%. The increase is partially due to an increase of approximately \$1.4 million of non-cash share-based compensation expense from stock-based awards made during 2007. We expect non-cash share-based compensation to increase in 2008 because awards that were made in 2007 but do not vest until certain performance hurdles are met must nonetheless be expensed beginning in the year of the award based on our estimate of the likelihood of achieving those performance hurdles.

Interest expense for the years ended December 31, 2007 and 2006 totaled \$28,236,502 and \$4,417,955, respectively. Interest expense in 2007 and 2006 excludes interest of approximately \$1.3 million and \$6.2 million, respectively, which was capitalized as part of the cost of development projects under construction during 2007 and 2006. Capitalized interest decreased due to our final two developments under construction being placed into service in April 2007, which represented construction in process totaling \$59.8 million at December 31, 2006. Interest expense increased during 2007 due to the issuance of \$263.0 million in fixed rate notes in the second half of 2006 and the cessation of capitalization of interest on approximately \$155.3 million in development projects that were placed in service in 2006 and 2007. We expect interest expense to increase during 2008 due to larger debt balances in 2008 than in 2007.

Year Ended December 31, 2006 Compared to the Year Ended December 31, 2005

Net income for the year ended December 31, 2006 was \$30,159,698 compared to net income of \$19,640,347 for the year ended December 31, 2005.

A comparison of revenues for the years ended December 31, 2006 and 2005 is as follows:

	2006		2005		Change
Base rents	\$ 29,806,171	59.1%	\$ 18,608,236	61.1%	\$ 11,197,935
Straight-line rents	5,952,442	11.8%	4,764,527	15.7%	1,187,915
Percentage rents	2,384,601	4.7%	2,259,230	7.4%	125,371
Interest from loans	11,893,339	23.6%	4,704,369	15.4%	7,188,970
Fee income	434,879	0.8%	116,183	0.4%	318,696
Total revenue	\$ 50,471,432	100.0%	\$ 30,452,545	100.0%	\$ 20,018,887

Revenue for the year ended December 31, 2006, was comprised of rents (75.6%) and interest and fee income from loans (24.4%). All of this revenue was derived from properties that we have acquired since July 1, 2004. Our base and straight-line rents increased in 2006 due to the acquisition of 10 facilities and opening of two developments in 2006. Interest income from loans in the year ended December 31, 2006, increased primarily based on the timing and amount of the Alliance mortgage loan made in 2005, and on the two mortgage loans made in 2006.

Vibra accounted for 55.0% and 86.2% of our gross revenues in 2006 and 2005, respectively. This includes percentage rents of approximately \$2.4 million and \$2.3 million in 2006 and 2005, respectively. In 2006, Vibra accounted for 61.5% of our total rent revenues. We expect that the portion of our total revenues attributable to Vibra will decline in relation to our total revenue. At December 31, 2006, assets leased and loaned to Vibra comprised 29.0% of our total assets and 33.4% of our total investment.

Depreciation and amortization during the year ended December 31, 2006 was \$6,704,924, compared to \$4,182,731 during the year ended December 31, 2005. The increase is due to the timing and amount of acquisitions and developments in 2006 and 2005. We expect our depreciation and amortization expense to continue to increase commensurate with our acquisition and development activity.

General and administrative expenses during the years ended December 31, 2006 and 2005, totaled \$10,190,850 and \$8,016,992, respectively, which represents an increase of 27.1%. The increase is due primarily to approximately \$3.1 million of non-cash share based compensation expense from restricted shares and deferred stock units granted to employees, officers and directors during 2006. We expect non-cash share based compensation to increase in 2007 because shares that were awarded in 2006 but do not vest until certain performance hurdles are met must nonetheless be expensed beginning in the year of the award based on our estimate of the likelihood of achieving those

performance hurdles.

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Interest income (other than from loans) for the years ended December 31, 2006 and 2005, totaled \$515,038 and \$2,091,132, respectively. Interest income decreased due to the timing and amount of offering proceeds temporarily invested in short-term cash equivalent instruments in 2005.

Interest expense for the years ended December 31, 2006 and 2005 totaled \$4,417,955 and \$1,521,169, respectively. Interest expense in 2006 and 2005 excludes interest of approximately \$6.2 million and \$3.1 million, respectively, which was capitalized as part of the cost of development projects under construction during 2006 and 2005.

Discontinued Operations

We entered into a contract for the disposition of two assets in 2006. On October 22, 2006, two of our subsidiaries terminated their respective leases with Stealth, L.P. (Stealth). The leases were for the hospital and medical office building (MOB), respectively, operated together by Stealth as Houston Town and County Hospital in Houston, Texas. The leases were originally entered into in 2004, with the lease for the hospital scheduled to expire in 2021 and that for the MOB to expire in 2016. The leases required Stealth to make monthly payments of rent, including annual escalations of rent, and payments to fund repairs and improvements. The leases also required Stealth to pay all operating expenses of the facilities, including ad valorem taxes, insurance and utilities. In 2006, we recorded revenue of approximately \$7.4 million from the leases and loans with Stealth. In connection with entering into the leases with Stealth, we also made working capital loans to Stealth in an aggregate amount, including accrued interest and after applying offsetting credits, of approximately \$3.2 million. Subsequent to the lease termination, we received the full proceeds of a letter of credit issued to us by Stealth in the amount of \$1.3 million, which was used to reduce the amount outstanding under the loans.

Stealth had not obtained managed care provider contracts that we believed were necessary for profitable operation of the hospital along with other issues. Accordingly, and pursuant to our rights under the leases, we terminated the leases and began negotiations directly with other hospital systems to lease or sell the facilities. These negotiations resulted in the ultimate sale of the hospital and MOB in January 2007, for a sales price of approximately \$71.7 million, before expenses of the sale. During the period from the lease termination to the date of sale, the hospital was operated by a new third party operator under contract to the hospital. We also made loans to the operating company totaling approximately \$4.4 million at December 31, 2007, which we expect to recover from the net revenues which the hospital and the MOB generated during the interim period. The accompanying financial statements include provisions to reduce such loans to their net realizable value. The revenues and expenses from our leases and loans to Stealth for the Houston Town and County Hospital are shown in the accompanying consolidated financial statements as discontinued operations.

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. While we believe net income available to common stockholders, as defined by generally accepted accounting principles (GAAP), is the most appropriate measure, our management considers FFO an appropriate supplemental measure given its wide use by and relevance to investors and analysts. 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 assume that the value of real estate diminishes predictably over time.

As defined by the National Association of Real Estate Investment Trusts, or NAREIT, FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (losses) on sales of real estate, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We compute FFO in accordance with the NAREIT definition. FFO should not be viewed as a substitute measure of the Company's operating performance since it does not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, which are significant economic costs that could materially impact our results of operations.

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The following table presents a reconciliation of FFO to net income for the years ended December 31, 2007 and 2006:

	For the Years Ended December 31,		
	2007	2006	2005
Net income	\$ 41,239,639	\$ 30,159,698	19,640,347
Depreciation and amortization	12,612,630	6,704,924	4,182,731
Gain on sale of real estate sold	(4,061,626)		
Funds from operations FFO	\$ 49,790,643	\$ 36,864,622	\$ 23,823,078

Per diluted share amounts:

	For the Years Ended December 31,		
	2007	2006	2005
Net income	\$.86	\$.76	\$.61
Depreciation and amortization	.26	.17	.13
Gain on sale of real estate sold	(0.09)		
Funds from operations FFO	\$ 1.03	\$.93	\$.74

Distribution Policy

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

The table below is a summary of our distributions paid or declared since January 1, 2005:

Declaration Date	Record Date	Date of Distribution	Distribution per Share
February 28, 2008	March 13, 2008	April 11, 2008	\$.27
November 16, 2007	December 13, 2007	January 11, 2008	\$.27
August 16, 2007	September 14, 2007	October 19, 2007	\$.27
May 17, 2007	June 14, 2007	July 12, 2007	\$.27
February 15, 2007	March 29, 2007	April 12, 2007	\$.27
November 16, 2006	December 14, 2006	January 11, 2007	\$.27
August 18, 2006	September 14, 2006	October 12, 2006	\$.26
May 18, 2006	June 15, 2006	July 13, 2006	\$.25
February 16, 2006	March 15, 2006	April 12, 2006	\$.21
November 18, 2005	December 15, 2005	January 19, 2006	\$.18
August 18, 2005	September 15, 2005	September 29, 2005	\$.17
May 19, 2005	June 20, 2005	July 14, 2005	\$.16
March 4, 2005	March 16, 2005	April 15, 2005	\$.11
November 11, 2004	December 16, 2004	January 11, 2005	\$.11

We intend to pay to our stockholders, within the time periods prescribed by the Code, all or substantially all of our annual taxable income, including taxable gains from the sale of real estate and recognized gains on the sale of securities. It is our policy to make sufficient cash distributions to stockholders in order for us to maintain our status as a REIT under the Code and to avoid corporate income and excise taxes on undistributed income.

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ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Controls over Financial Reporting

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

Management's Report on Internal Control over Financial Reporting

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

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

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

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In connection with the preparation of the Company's annual financial statements, management has undertaken an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. The assessment was based upon the framework described in "Integrated Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included an evaluation of the design of internal control over financial reporting and testing of the operational effectiveness of internal control over financial reporting. We have reviewed the results of the assessment with the Audit Committee of our Board of Directors.

Based on our evaluation under the framework in *Internal Control - Integrated Framework*, management concluded that internal control over financial reporting was effective as of December 31, 2007. KPMG, under Auditing Standard No. 5, does not express an opinion on management's assessment as occurred under Auditing Standard No. 2. Under Auditing Standard No. 5 management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. KPMG's responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on their audit.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Medical Properties Trust, Inc.:

We have audited Medical Properties Trust, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Medical Properties Trust, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, Medical Properties Trust, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, is fairly stated, in all material respects, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Medical Properties Trust, Inc. as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007 and the related financial statement schedules, and our report dated March 13, 2008, expressed an unqualified opinion on those consolidated financial statements and financial statement schedules.

/s/ KPMG LLP

Birmingham, Alabama

March 13, 2008

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PART IV

ITEM 15. *Exhibits and Financial Statement Schedules.*

(a) Financial Statements and Financial Statement Schedules

The financial statements and financial statement schedules were previously filed with the Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed on March 14, 2008

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(b) Exhibits

Exhibit Number	Exhibit Title
3.1(1)	Registrant's Second Articles of Amendment and Restatement
3.2(2)	Registrant's Amended and Restated Bylaws
3.3(3)	Articles of Amendment of Registrant's Second Articles of Amendment and Restatement
4.1(1)	Form of Common Stock Certificate
4.2(4)	Indenture, dated July 14, 2006, among Registrant, MPT Operating Partnership, L.P. and the Wilmington Trust Company, as trustee
4.3(5)	Indenture, dated November 6, 2006, among Registrant, MPT Operating Partnership, L.P. and the Wilmington Trust Company, as trustee
4.4(5)	Registration Rights Agreement among Registrant, MPT Operating Partnership, L.P. and UBS Securities LLC and J.P. Morgan Securities Inc., as representatives of the initial purchasers, dated as of November 6, 2006
10.1(11)	Second Amended and Restated Agreement of Limited Partnership of MPT Operating Partnership, L.P.
10.2(6)	Amended and Restated 2004 Equity Incentive Plan
10.3(7)	Form of Stock Option Award
10.4(7)	Form of Restricted Stock Award
10.5(7)	Form of Deferred Stock Unit Award
10.6(1)	Employment Agreement between Registrant and Edward K. Aldag, Jr., dated September 10, 2003
10.7(1)	First Amendment to Employment Agreement between Registrant and Edward K. Aldag, Jr., dated March 8, 2004
10.8(1)	Employment Agreement between Registrant and R. Steven Hamner, dated September 10, 2003
10.9(1)	Amended and Restated Employment Agreement between Registrant and William G. McKenzie, dated September 10, 2003
10.10(1)	Employment Agreement between Registrant and Emmett E. McLean, dated September 10, 2003
10.11(1)	Employment Agreement between Registrant and Michael G. Stewart, dated April 28, 2005
10.12(1)	Form of Indemnification Agreement between Registrant and executive officers and directors
10.13(8)	

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Credit Agreement dated October 27, 2005, among MPT Operating Partnership, L.P., as borrower, and Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services, Inc., as Administrative Agent and Lender, and Additional Lenders from Time to Time a Party thereto

- 10.14(1) Third Amended and Restated Lease Agreement between 1300 Campbell Lane, LLC and 1300 Campbell Lane Operating Company, LLC, dated December 20, 2004
- 10.15(1) First Amendment to Third Amended and Restated Lease Agreement between 1300 Campbell Lane, LLC and 1300 Campbell Lane Operating Company, LLC, dated December 31, 2004
- 10.16(1) Second Amended and Restated Lease Agreement between 92 Brick Road, LLC and 92 Brick Road, Operating Company, LLC, dated December 20, 2004
- 10.17(1) First Amendment to Second Amended and Restated Lease Agreement between 92 Brick Road, LLC and 92 Brick Road, Operating Company, LLC, dated December 31, 2004
- 10.18(1) Ground Lease Agreement between West Jersey Health System and West Jersey/Mediplex Rehabilitation Limited Partnership, dated July 15, 1993
- 10.19(1) Third Amended and Restated Lease Agreement between San Joaquin Health Care Associates Limited Partnership and 7173 North Sharon Avenue Operating Company, LLC, dated December 20, 2004
- 10.20(1) First Amendment to Third Amended and Restated Lease Agreement between San Joaquin Health Care Associates Limited Partnership and 7173 North Sharon Avenue Operating Company, LLC, dated December 31, 2004

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Exhibit Number	Exhibit Title
10.21(1)	Second Amended and Restated Lease Agreement between 8451 Pearl Street, LLC and 8451 Pearl Street Operating Company, LLC, dated December 20, 2004
10.22(1)	First Amendment to Second Amended and Restated Lease Agreement between 8451 Pearl Street, LLC and 8451 Pearl Street Operating Company, LLC, dated December 31, 2004
10.23(1)	Second Amended and Restated Lease Agreement between 4499 Acushnet Avenue, LLC and 4499 Acushnet Avenue Operating Company, LLC, dated December 20, 2004
10.24(1)	First Amendment to Second Amended and Restated Lease Agreement between 4499 Acushnet Avenue, LLC and 4499 Acushnet Avenue Operating Company, LLC, dated December 31, 2004
10.25(1)	Purchase and Sale Agreement among MPT Operating Partnership, L.P., MPT of Bucks County Hospital, L.P., Bucks County Oncoplastic Institute, LLC, Jerome S. Tannenbaum, M.D., M. Stephen Harrison and DSI Facility Development, LLC, dated March 3, 2005
10.26(1)	Amendment to Purchase and Sale Agreement among MPT Operating Partnership, L.P., MPT of Bucks County Hospital, L.P., Bucks County Oncoplastic Institute, LLC, DSI Facility Development, LLC, Jerome S. Tannenbaum, M.D., M. Stephen Harrison and G. Patrick Maxwell, M.D., dated April 29, 2005
10.27(1)	Lease Agreement between Bucks County Oncoplastic Institute, LLC and MPT of Bucks County, L.P., dated September 16, 2005
10.28(1)	Development Agreement among DSI Facility Development, LLC, Bucks County Oncoplastic Institute, LLC and MPT of Bucks County, L.P., dated September 16, 2005
10.29(1)	Funding Agreement among DSI Facility Development, LLC, Bucks County Oncoplastic Institute, LLC and MPT of Bucks County, L.P., dated September 16, 2005
10.30(1)	Purchase and Sale Agreement between MPT of North Cypress, L.P. and North Cypress Medical Center Operating Company, Ltd., dated as of June 1, 2005
10.31(1)	Contract for Purchase and Sale of Real Property between North Cypress Property Holdings, Ltd. and MPT of North Cypress, L.P., dated as of June 1, 2005
10.32(1)	Sublease Agreement between MPT of North Cypress, L.P. and North Cypress Medical Center Operating Company, Ltd., dated as of June 1, 2005
10.33(1)	Net Ground Lease between North Cypress Property Holdings, Ltd. and MPT of North Cypress, L.P., dated as of June 1, 2005
10.34(1)	Lease Agreement between MPT of North Cypress, L.P. and North Cypress Medical Center Operating Company, Ltd., dated as of June 1, 2005
10.35(1)	

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Net Ground Lease between Northern Healthcare Land Ventures, Ltd. and MPT of North Cypress, L.P., dated as of June 1, 2005

- 10.36(1) Construction Loan Agreement between North Cypress Medical Center Operating Company, Ltd. and MPT Finance Company, LLC, dated June 1, 2005
- 10.37(1) Purchase, Sale and Loan Agreement among MPT Operating Partnership, L.P., MPT of Covington, LLC, MPT of Denham Springs, LLC, Covington Healthcare Properties, L.L.C., Denham Springs Healthcare Properties, L.L.C., Gulf States Long Term Acute Care of Covington, L.L.C. and Gulf States Long Term Acute Care of Denham Springs, L.L.C., dated June 9, 2005
- 10.38(1) Lease Agreement between MPT of Covington, LLC and Gulf States Long Term Acute Care of Covington, L.L.C., dated June 9, 2005
- 10.39(1) Promissory Note made by Denham Springs Healthcare Properties, L.L.C. in favor of MPT of Denham Springs, LLC, dated June 9, 2005
- 10.40(1) Purchase and Sale Agreement among MPT Operating Partnership, L.P., MPT of Redding, LLC, Vibra Healthcare, LLC and Northern California Rehabilitation Hospital, LLC, dated June 30, 2005
- 10.41(1) Lease Agreement between Northern California Rehabilitation Hospital, LLC and MPT of Redding, LLC, dated June 30, 2005
- 10.42(1) Amendment No. 1 to Ground Lease Agreement between National Medical Specialty Hospital of Redding, Inc. and Ocadian Care Centers, Inc., dated November 29, 2001

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Exhibit Number	Exhibit Title
10.43(1)	Purchase and Sale Agreement among MPT Operating Partnership, L.P., MPT of Bloomington, LLC, Southern Indiana Medical Park II, LLC and Monroe Hospital, LLC, dated October 7, 2005
10.44(1)	Lease Agreement between Monroe Hospital, LLC and MPT of Bloomington, LLC, dated October 7, 2005
10.45(1)	Development Agreement among Monroe Hospital, LLC, Monroe Hospital Development, LLC and MPT of Bloomington, LLC, dated October 7, 2005
10.46(1)	Funding Agreement between Monroe Hospital, LLC and MPT of Bloomington, LLC, dated October 7, 2005
10.47(1)	Purchase and Sale Agreement among MPT Operating Partnership, L.P., MPT of Chino, LLC, Prime Healthcare Services, LLC, Veritas Health Services, Inc., Prime Healthcare Services, Inc., Desert Valley Hospital, Inc. and Desert Valley Medical Group, Inc., dated November 30, 2005
10.48(1)	Lease Agreement among Veritas Health Services, Inc., Prime Healthcare Services, LLC and MPT of Chino, LLC, dated November 30, 2005
10.49(1)	Purchase and Sale Agreement among MPT Operating Partnership, L.P., MPT of Sherman Oaks, LLC, Prime A Investments, L.L.C., Prime Healthcare Services II, LLC, Prime Healthcare Services, Inc., Desert Valley Medical Group, Inc. and Desert Valley Hospital, Inc., dated December 30, 2005
10.50(1)	Lease Agreement between MPT of Sherman Oaks, LLC and Prime Healthcare Services II, LLC, dated December 30, 2005
10.51(9)	Forward Sale Agreement between Registrant and UBS AG, London Branch, dated February 22, 2007
10.52(9)	Forward Sale Agreement between Registrant and Wachovia Bank, National Association, dated February 22, 2007
10.53(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (LTIP Units)
10.54(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (Restricted Shares)
10.55(12)	Term Loan Credit Agreement among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., as Borrower, the Several Lenders from Time to Time Parties Thereto, KeyBank National Association, as Syndication Agent, and JP Morgan Chase Bank, N.A. as Administrative Agent, with J.P. Morgan Securities Inc. and KeyBank National Association, as Joint Lead Arrangers and Bookrunners
10.56(10)	First Amendment to Term Loan Agreement
10.57(13)	Revolving Credit and Term Loan Agreement, dated November 30, 2007, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., as Borrower, the Several Lenders from Time to Time

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Parties Thereto, KeyBank National Association, as Syndication Agent, and JPMorgan Chase Bank, N.A. as Administrative Agent, with J.P. Morgan Securities Inc. and KeyBank National Association, as Joint Lead Arrangers and Bookrunners

- 10.58(13) Second Amendment to Employment Agreement between Registrant and Edward K. Aldag, Jr., dated September 29, 2006
- 10.59(13) First Amendment to Employment Agreement between Registrant and R. Steven Hamner, dated September 29, 2006
- 10.60(13) First Amendment to Employment Agreement between Registrant and William G. McKenzie, dated September 29, 2006
- 10.61(13) First Amendment to Employment Agreement between Registrant and Emmett E. McLean, dated September 29, 2006
- 10.62(13) First Amendment to Employment Agreement between Registrant and Michael G. Stewart, dated September 29, 2006
- 10.63(8) Second Amended and Restated 2004 Equity Incentive Plan
- 21.1(13) Subsidiaries of Registrant
- 23.1(13) Consent of KPMG LLP

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Exhibit Number	Exhibit Title
23.2(13)	Consent of Moss Adams LLP
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32(13)	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
99.1(13)(14)	Consolidated Financial Statements of Prime Healthcare Services, Inc. as of December 31, 2006 and 2005
99.2(13)(14)	Consolidated Financial Statements of Prime Healthcare Services, Inc. as of September 30, 2007
(1)	Incorporated by reference to Registrant's Registration Statement on Form S-11 filed with the Commission on October 26, 2004, as amended (File No. 333-119957).
(2)	Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 2005, filed with the Commission on July 26, 2005.
(3)	Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30,

2005, filed with the Commission on November 10, 2005.

- (4) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on July 20, 2006.
- (5) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on November 13, 2006.
- (6) Incorporated by reference to Registrant's definitive proxy statement on Schedule 14A, filed with the Commission on September 13, 2005.
- (7) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on October 18, 2005.
- (8) Incorporated by reference to Registrant's definitive proxy statement on Schedule 14A, filed with the

Commission on
April 14, 2007.

- (9) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on February 28, 2007.
- (10) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2007, filed with the Commission on November 9, 2007.
- (11) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 6, 2007.
- (12) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 15, 2007.
- (13) Previously filed as an exhibit to Registrant's Annual Report on Form 10-K, filed with the Commission on March 14, 2008.

(14) Since affiliates of Prime Healthcare Services, Inc. lease more than 20% of our total assets under triple net leases, the financial status of Prime may be considered relevant to investors. Prime's most recently available audited consolidated financial statements (as of and for the years ended December 31, 2006 and 2005) and Prime's most recently available financial statements (unaudited, as of and for the period ended September 30, 2007) are attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this Annual Report on Form 10-K. We have not participated in the preparation of Prime's financial statements nor do we have the right to dictate the form of any financial statements provided to us by Prime.

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SIGNATURES

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

MEDICAL PROPERTIES TRUST, INC.

By: /s/ R. Steven Hamner
R. Steven Hamner
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting
Officer)

Date: April 22, 2008

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INDEX TO EXHIBITS

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