MEDICAL PROPERTIES TRUST INC
Form 424B2
February 07, 2012

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-179320

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee
6.375% Senior Notes due 2022	$200,000,000	$22,920(1)
Guarantee(2)		
Total	$200,000,000	$22,920(1)

(1) The filing fee of $22,920 is calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended (the Securities Act). This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the registrants Registration Statement on Form S-3 (File No. 333-179320).
(2) In accordance with Rule 457(n), no separate fee is payable with respect to the Guarantees.

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Prospectus

MPT OPERATING PARTNERSHIP, L.P.

MPT FINANCE CORPORATION

$200,000,000

6.375% Senior Notes due 2022

Issue Price: 100.000%

Interest payable February 15 and August 15.

The issuers are offering $200,000,000 aggregate principal amount *6.375%* senior notes due 2022 (the notes). The notes will mature on February 15, 2022. The issuers will pay interest on the notes on February 15 and August 15 of each year. Interest will accrue on the notes from February 17, 2012 and the first interest payment date will be August 15, 2012.

An amount equal to the proceeds from this offering will be placed in an escrow account together with any additional amounts needed to redeem the notes at their aggregate offering price, plus accrued and unpaid interest on the notes from the issuance date up to, but not including, the redemption date. Subject to certain customary and other conditions to releasing the escrowed funds, the issuers will use the escrowed funds to consummate the acquisition of Ernest Health, Inc. and related transactions on the terms and conditions described in this prospectus. If the acquisition of Ernest Health, Inc. and related transactions are not consummated by May 17, 2012, then the issuers will be required to redeem the notes at the aggregate offering price plus accrued and unpaid interest up to, but not including, the redemption date. See Description of notes Escrow of proceeds; Release conditions and Description of notes Special mandatory redemption.

The issuers may redeem some or all of the notes at any time after February 15, 2017 at the redemption prices set forth herein. In addition, at any time and from time to time prior to February 15, 2015 the issuers may redeem up to 35% of the aggregate principal amount of the notes using the proceeds of one or more equity offerings. The issuers may also redeem some or all the notes on or prior to February 15, 2017 at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest up to, but excluding, the applicable redemption date plus a make-whole premium. The issuers must offer to purchase the notes if we experience a change of control under certain circumstances.

The notes will be the issuers senior unsecured obligations and will be guaranteed by the issuers parent company, Medical Properties Trust, Inc., and by each of the issuers subsidiaries that guarantee borrowings under the issuers revolving credit facility. The notes and the guarantees will rank equally in right of payment with all of the issuers and the guarantors existing and future senior indebtedness, including the issuers senior notes due 2021 and borrowings under the issuers existing revolving credit facility and new term loan facility, and will rank senior in right of payment to any future indebtedness that is subordinated to the notes. The notes will be effectively subordinated to all of the issuers and the guarantors existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness. The notes and the guarantees will be structurally subordinated to all liabilities of any of the issuers subsidiaries that do not guarantee the notes.

Investing in the notes involves risks. See Risk factors beginning on page 17.

	Public offering price(1)	Underwriting discounts	Proceeds, before expenses, to the Issuers(1)
Per note	100.000%	1.75%	98.25%

Total	$200,000,000	$3,500,000	$196,500,000

(1) Plus accrued interest, if any, from February 17, 2012.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes to purchasers will be made on or about February 17, 2012 in book-entry form through The Depository Trust Company for the account of its participants, including Clearstream Banking *société anonyme* and Euroclear Bank, S.A./N.V.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

J.P. Morgan **BofA Merrill Lynch** **Deutsche Bank Securities** **RBC Capital Markets**

Lead Managers

KeyBanc Capital Markets **SunTrust Robinson Humphrey**

Co-Managers

Raymond James **Morgan Keegan**

February 3, 2012

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About this prospectus

This prospectus incorporates important business and financial information about us and our subsidiaries that is not included in or delivered with this prospectus. Information incorporated by reference is available without charge to prospective investors upon written request to us at c/o Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, AL 35242, or by telephone at (205) 969-3755.

We have not taken any action to permit an offering of the notes outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the notes and the distribution of this prospectus outside of the United States.

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make your purchase, offer or sale, and neither we nor the underwriters will have any responsibility therefor.

We reserve the right to withdraw this offering of notes at any time. We and the underwriters also reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of notes offered hereby.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Such transactions may include stabilization and the purchase of notes to cover short positions. For a description of these activities, see Underwriting.

You should rely only on the information contained or incorporated by reference in this prospectus and any free writing prospectus we authorize to be delivered to you. We have not authorized anyone to provide information different from that contained or incorporated by reference in this prospectus and any such free writing prospectus. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer or sale of notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus, any authorized free writing prospectus or information we previously filed with the SEC is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless the context requires or otherwise indicates, references in this prospectus to we, our, us or our company refer to MPT Operating Partnership, L.P., a Delaware limited partnership, and its consolidated subsidiaries, including MPT Finance Corporation, together with Medical Properties Trust, LLC, a Delaware limited liability company and MPT Operating Partnership, L.P. s sole general partner, and Medical Properties Trust, Inc., a Maryland corporation and the sole equity owner of Medical Properties Trust, LLC. References to Operating Partnership refer to MPT Operating Partnership, L.P. References to Issuers refer to the Operating Partnership and MPT Finance Corporation, the co-issuers of the notes. References to Medical Properties refer to Medical Properties Trust, Inc. As of September 30, 2011, Medical Properties had a 99.8% equity ownership interest in the Operating Partnership.

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NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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Forward-looking statements

We make forward-looking statements in this prospectus, including the documents incorporated by reference herein, that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects, among others, are forward-looking by their nature:

- our business strategy;
- our projected operating results;
- our ability to complete the Ernest Acquisition Transactions (as described herein) on the time schedule or terms described herein or at all;
- our ability to enter into a new term loan facility (as described herein) and increase the commitments under our existing revolving credit facility, in each case, on the terms described herein or at all;
- our ability to acquire or develop net-leased facilities;
- availability of suitable facilities to acquire or develop;
- our ability to enter into, and the terms of, our prospective leases and loans;
- our ability to obtain future financing arrangements;
- the ability of Medical Properties to consummate its public offering of 23,575,000 shares of common stock (including 3,075,000 shares to be sold pursuant to the exercise in full of the equity underwriters over-allotment option), which priced at $9.75 per share on February 1, 2012, and is expected to close on February 7, 2012;
- estimates relating to, and our ability to pay, future distributions;
- our ability to compete in the marketplace;
- market trends;
- lease rates and interest rates;

- projected capital expenditures; and

- the impact of technology on our facilities, operations and business.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to the notes, along with, among others, the following factors that could cause actual results to vary from our forward-looking statements:

- the failure to receive, on a timely basis or otherwise, the required approvals by government or regulatory agencies in connection with the Ernest Acquisition Transactions;

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the risk that a condition to closing under the agreement governing the Ernest Acquisition Transactions may not be satisfied;

the possibility that the anticipated benefits from the Ernest Acquisition Transactions will take longer to realize than expected or will not be realized at all;

factors referenced herein under the section captioned Risk factors, including those set forth in Medical Properties Annual Report on Form 10-K for the year ended December 31, 2010, as amended;

national and local economic, business, real estate and other market conditions;

the competitive environment in which we operate;

the execution of our business plan;

financing risks;

acquisition and development risks;

potential environmental contingencies and other liabilities;

other factors affecting the real estate industry generally or the healthcare real estate industry in particular;

Medical Properties Trust, Inc. s ability to maintain its status as a REIT for federal and state income tax purposes;

our ability to attract and retain qualified personnel;

federal and state healthcare regulatory requirements; and

the continuing impact of the recent economic recession, which may have a negative effect on the following, among other things:

- the financial condition of our tenants, our lenders and institutions that hold our cash balances, which may expose us to increased risks of default by these parties;

our ability to obtain equity and debt financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities and our future interest expense; and

the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.

When we use the words believe, expect, may, potential, anticipate, estimate, plan, will, could, intend or similar expressions, v
forward-looking statements. You should not place undue reliance on these forward-looking statements.

Except as required by law, we disclaim any obligation to update such statements or to publicly announce the result of any revisions to any of the forward-looking statements contained in this prospectus to reflect future events or developments.

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Prospectus summary

This summary highlights information contained elsewhere or incorporated by reference in this prospectus. This summary does not contain all the information that you should consider before making an investment decision. You should read carefully this entire prospectus, including the Risk factors, the financial data and other information included or incorporated by reference in this prospectus, before making an investment decision.

Our company

Medical Properties Trust, Inc. is a self-advised real estate investment trust (REIT) focused on investing in and owning net-leased healthcare facilities across the United States. We acquire and develop healthcare facilities and lease the facilities to healthcare operating companies under long-term net leases, which require the tenants to bear most of the costs associated with the properties. Our strategy is to lease our facilities to tenants that are managed by experienced operators pursuant to long-term net leases. We also occasionally make long-term, interest-only mortgage loans to healthcare operators collateralized by their real estate assets. In addition, we selectively make loans to, and other investments in, certain of our operators through our taxable REIT subsidiaries, the proceeds of which have historically been used for acquisitions and working capital. Finally, from time to time, we acquire a profit or equity interest in certain of our tenants that gives us a right to share in such tenants profits and losses.

Our principal executive offices are located at 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242. Our telephone number is (205) 969-3755. Our Internet address is www.medicalpropertiestrust.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the SEC. For additional information, see Where you can find more information and Incorporation by reference.

Recent developments

Results for the year ended December 31, 2011

On January 31, 2012, we announced our preliminary financial results for the quarter and year ended December 31, 2011. We had income from continuing operations of $8.1 million ($0.07 per diluted share) for the three months ended December 31, 2011, compared with income from continuing operations for the corresponding period in 2010 of $7.6 million ($0.06 per diluted share). For the year ended December 31, 2011, we had income from continuing operations of $19.4 million ($0.16 per diluted share), compared with income from continuing operations of $10.2 million ($0.09 per diluted share) for the year ended December 31, 2010. We had net income of $12.7 million ($0.11 per diluted share) for the three months ended December 31, 2011, compared with net income for the corresponding period in 2010 of $10.6 million ($0.09 per diluted share). For the year ended December 31, 2011, we had net income of $26.5 million ($0.23 per diluted share), compared with net income of $22.9 million ($0.22 per diluted share) for the year ended December 31, 2010. Our financial results for the three and twelve months ended December 31, 2010 have been restated to reclassify the operating results of the Morgantown and Sherman Oaks Hospitals to discontinued operations. As described below, we sold these two hospitals during the fourth quarter of 2011.

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The preliminary financial results are unaudited and there can be no assurance that the preliminary financial results will not vary from the final audited information for the quarter and year ended December 31, 2011. In the opinion of management, all adjustments considered necessary for a fair presentation of these preliminary financial results have been made. The preliminary financial data included in this prospectus has been prepared by, and is the responsibility of, management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

Acquisition of healthcare property portfolio from Ernest Health, Inc. and related transactions

On January 31, 2012, affiliates of our operating partnership, MPT Operating Partnership, L.P., entered into definitive agreements to make loans to and acquire assets from Ernest Health, Inc. (Ernest) and to make an equity contribution to the parent of Ernest for a combined purchase price and investment of approximately $396.5 million, consisting of $200.0 million to purchase real estate assets, a first mortgage loan of $100.0 million, an acquisition loan for $93.2 million and a capital contribution of $3.3 million, all as further described below.

Real estate acquisition

Pursuant to a definitive real property asset purchase agreement (the Purchase Agreement), certain wholly-owned subsidiaries of MPT Operating Partnership, L.P. will acquire from Ernest and certain of its subsidiaries (i) a portfolio of five rehabilitation facilities (including a ground lease interest relating to a community-based acute rehabilitation facility in Wyoming), (ii) seven long-term acute care facilities located in seven states and (iii) undeveloped land in Provo, Utah (collectively, the Acquired Facilities) for an aggregate purchase price of $200.0 million, subject to certain adjustments. We refer to the acquisition of these assets as the Ernest Asset Acquisition.

The Acquired Facilities will be leased to limited liability companies wholly-owned by our taxable REIT subsidiary, MPT Development Services, Inc. (MPT TRS), which will sublease the facilities to subsidiaries of Ernest pursuant to a master sublease agreement. The master sublease agreement will have a 20-year term with three five-year extension options and provide for an average annualized cash rent of $18.0 million, plus consumer price-indexed increases, limited to a 2% floor and 5% ceiling annually.

Mortgage loan financing

Pursuant to the Purchase Agreement, MPT TRS will make Ernest a $100.0 million mortgage loan secured by a first mortgage interest in four subsidiaries of Ernest (the Mortgage Loan Financing). The Mortgage Loan Financing will have a 20-year term with three five-year extension options and bear interest at 9% per year plus consumer price-indexed increases, limited to a 2% floor and 5% ceiling annually.

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Acquisition loan and equity contribution

In addition, MPT Aztec Opco, LLC, a wholly-owned subsidiary of MPT TRS, will enter into a joint venture limited liability company, Ernest Health Holdings, LLC (Ernest Holdings), with an entity formed by the present key management personnel of Ernest (ManageCo). MPT Aztec Opco, LLC will make capital contributions of approximately $3.3 million to Ernest Holdings in exchange for a membership interest representing a 49% aggregate initial equity interest. The remaining 51% initial equity interest in Ernest Holdings will be owned by ManageCo, which will make contributions valued at $3.5 million in exchange for a membership interest in Ernest Holdings. Pursuant to the terms of an Agreement and Plan of Merger dated January 31, 2012, a merger subsidiary of Ernest Holdings will be merged with and into Ernest, with Ernest surviving the merger as a wholly-owned subsidiary of Ernest Holdings. In addition, MPT Aztec Opco, LLC will make an acquisition loan of approximately $93.2 million to the merger subsidiary (the Acquisition Loan). The Acquisition Loan will bear interest at a rate of 15.0%, with a 6% coupon payable in cash in the first year, a 7% coupon payable in cash in the second year and a 10% coupon payable in cash thereafter. The remaining 9% in year one; 8% in year two and 5% thereafter will be accrued and paid upon the occurrence of any capital or liquidity events of Ernest Holdings and will be payable in all events at maturity.

We refer to these transactions collectively as the Ernest Acquisition Transactions.

Following the consummation of these transactions, Ernest and its operating subsidiaries will be managed and operated by ManageCo, or one or more of ManageCo s affiliates, pursuant to the terms of a management agreement, which terms shall include a base management fee payable to ManageCo and incentive payments tied to mutually agreed benchmarks. ManageCo and MPT Aztec Opco, LLC will share profits and distributions from Ernest Health Holdings according to a distribution waterfall under which, if certain benchmarks are met, such that after taking into account interest paid on the acquisition loan, ManageCo and MPT Aztec Opco, LLC will share in cash generated by Ernest Holdings in a ratio of 21% to ManageCo and 79% to MPT Aztec Opco, LLC. Under the limited liability company agreement of Ernest Holdings, MPT Aztec Opco, LLC will have no management authority or control except for certain rights consistent with a passive ownership interest, such as a limited right to approve annual budget components and the right to approve extraordinary transactions, and except in the case of certain extraordinary events, which events include any defaults under the master sublease agreement or the acquisition loan, in which case MPT Aztec Opco, LLC is given special member rights including, without limitation, the right to terminate the management agreement, hire new management, or market the company for sale.

We intend to consummate the Ernest Acquisition Transactions during the first quarter of 2012. No assurance can be given that any portion of the Ernest Acquisition Transactions will occur as described herein or at all. If the Ernest Acquisition Transactions are not consummated by May 17, 2012, then we will be required to redeem the notes offered hereby at the aggregate offering price plus accrued and unpaid interest up to, but not including, the redemption date. See Description of notes Special mandatory redemption.

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The chart below illustrates the proposed structure following consummation of the Ernest Acquisition Transactions:

The table below sets forth pertinent details with respect to the properties of Ernest that we expect to acquire in connection with the Ernest Acquisition Transactions:

Property(1)	Type of property	State	Number of licensed beds	Number of square feet	Annualized rent/interest (in millions)(2)
Mountain Valley Regional Rehabilitation Hospital(3)	Inpatient Rehabilitation Facility (IRF)	AZ	40	47,254	$ 2.9
Advanced Care Hospital of Northern Colorado	Long-Term Acute Care Hospital (LTACH)	CO	20	11,780	0.7
Northern Colorado Rehabilitation Hospital	IRF	CO	40	48,600	2.0
Northern Idaho Advanced Care Hospital	LTACH	ID	40	42,000	1.5
Southwest Idaho Advanced Care Hospital	LTACH	ID	40	51,494	1.2
Advanced Care Hospital of Montana	LTACH	MT	40	48,583	1.4
Advanced Care Hospital of Southern New Mexico(3)	LTACH	NM	20	13,250	1.2

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Property(1)	Type of property	State	Number of licensed beds	Number of square feet	Annualized rent/interest (in millions)(2)
Rehabilitation Hospital of Southern New Mexico(3)	IRF	NM	40	48,800	2.4
Greenwood Regional Rehabilitation Hospital	IRF	SC	46(4)	53,600	2.6
Laredo Specialty Hospital	LTACH	TX	60	65,990	2.0
Mesquite Specialty Hospital	LTACH	TX	40	50,300	1.9
Mesquite Rehabilitation Institute	IRF	TX	20	19,050	0.8
New Braunfels Regional Rehabilitation Hospital	IRF	TX	40	53,000	1.1
South Texas Rehabilitation Hospital(3)	IRF	TX	40	48,900	2.5
Utah Valley Specialty Hospital	LTACH	UT	40	50,949	1.3
Elkhorn Valley Rehabilitation Hospital	IRF	WY	40	52,800	1.5
					$ 27.0

(1) All properties will be leased under a master lease agreement, which will have a term of 20 years with three five-year renewal options.

(2) Reflects annualized rent and interest payable under the master lease agreement and mortgages described above.

(3) These facilities will be subject to mortgages.

(4) Does not include the eight-bed addition that is expected to be completed during mid-2012. 12 beds are located in a Skilled Nursing Facility.

Financing transactions

Financing of the Ernest Acquisition Transactions

On February 1, 2012 Medical Properties priced an offering of 23,575,000 shares of its common stock (including 3,075,000 shares to be sold pursuant to the exercise in full of the underwriters over-allotment option) at a price of $9.75 per share. The offering is scheduled to settle on February 7, 2012 and is expected to generate $218.7 million of net proceeds, which will be contributed to the Operating Partnership to finance a portion of the Ernest Acquisition Transactions. We intend to finance the remainder of the Ernest Acquisition Transactions, including the related costs and expenses, with the net proceeds of this offering and our new term loan. See Risk factors Risks related to the notes and the offering Our indebtedness may affect our ability to operate our

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business, and may have a material adverse effect on our financial condition and results of operations. We and our subsidiaries may incur additional indebtedness, including secured indebtedness. If the Ernest Acquisition Transactions are not consummated by May 17, 2012, then we will be required to redeem the notes offered hereby at the aggregate offering price plus accrued and unpaid interest up to, but not including, the redemption date. See Description of notes Special mandatory redemption.

For the nine months ended September 30, 2011 after giving effect to the Ernest Acquisition Transactions, we had revenues, Pro Forma Adjusted EBITDA and income from continuing operations attributable to us of $143.3 million, $124.6 million and $31.6 million, respectively. Please refer to Summary historical and unaudited pro forma consolidated financial data for the definition of Pro Forma Adjusted EBITDA and a reconciliation of Pro Forma Adjusted EBITDA to net income.

This prospectus relates only to the offering of notes and not to the common stock offering.

Credit facilities

On January 25, 2012, we received a commitment letter and term sheet for an $80.0 million senior unsecured term loan facility, which we refer to as our new term loan facility, from J.P. Morgan Chase Bank, N.A., an affiliate of one of the joint book-running underwriters in this offering, and RBC Capital Markets, LLC, a joint book-running underwriter in this offering. The term sheet provides for customary financial and operating covenants, substantially consistent with our revolving credit facility, including covenants relating to total leverage ratio, fixed charge coverage ratio, mortgage secured leverage ratio, recourse mortgage secured indebtedness, consolidated adjusted net worth, unsecured leverage ratio and interest coverage ratio, and covenants restricting the incurrence of debt, imposition of liens, the payment of dividends and entering into affiliate transactions. The term sheet also provides for customary events of default, including among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with our covenants.

Effectiveness of our new term loan facility is subject to, among other things, definitive documentation and the satisfaction of customary closing conditions. We cannot assure you that we will be able to successfully establish our new term loan facility on the terms described herein or at all and establishing our new term loan facility is not a condition to the consummation of this offering. We expect to close and fund our new term loan facility concurrently with the closing of the Ernest Acquisition Transactions.

Our existing revolving credit facility includes an accordion feature pursuant to which borrowings thereunder can be increased up to $400.0 million from $330.0 million. We requested a $70.0 million increase in our revolving credit facility contemporaneously with the closing of the Ernest Acquisition Transactions. We expect that the administrative agent under our revolving credit facility will arrange a syndicate of lenders willing to hold the requested incremental revolving commitments, but we may not be able to find commitments for this incremental facility.

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2011 fourth quarter events

Development activity

On October 14, 2011, we entered into agreements with a joint venture of Emerus Holding, Inc. and Baptist Health System, to acquire, provide for development funding and lease three acute care hospitals for $30.0 million in the suburban markets of San Antonio, Texas. With the execution of these agreements, we have funded $7.4 million during the fourth quarter of 2011, of which $6.2 million was used to acquire land for these three facilities. The three facilities upon completion will be leased under a master lease structure with an initial term of 15 years and three five-year extension options. We currently expect construction of these three facilities to be completed in the fourth quarter of 2012.

During the fourth quarter of 2011, we funded an additional $4.5 million on our Florence Hospital development project. This 36-bed facility located in the greater Phoenix, Arizona area is expected to be completed in the first quarter of 2012.

Hoboken University Medical Center acquisition

On November 4, 2011, we made investments in Hoboken University Medical Center (HUMC) in Hoboken, New Jersey, a 350-bed acute care facility. The total investment for this transaction was $75.0 million, comprising $50.0 million for the acquisition of an 100% ownership of the real estate, a secured working capital loan of up to $20.0 million ($15.1 million outstanding at December 31, 2011), and the purchase of a $5.0 million convertible note which provides us with the option to acquire up to 25% of the hospital operator. The initial blended lease/interest rate on this investment is 11.4%. The lease with the tenant has an initial term of 15 years, contains six five-year extension options, and the rent escalates annually based on consumer price indexed increases.

Sale of Sherman Oaks Hospital

On December 30, 2011, we sold Sherman Oaks Hospital in Sherman Oaks, California to Prime Healthcare Services, Inc. for approximately $20.0 million, resulting in a gain of $3.1 million. Due to this sale, we wrote-off $1.2 million in straight-line rent receivables. In our January 31, 2012 press release announcing our preliminary financial results for the quarter and year ended December 31, 2011, we have included the operating results of this facility in discontinued operations for the current and all prior periods. Prior to the sale, we were earning $2.3 million of base rent per year.

Sale of Morgantown Hospital

On December 30, 2011, we sold MountainView Regional Rehabilitation Hospital in Morgantown, West Virginia to HealthSouth Corporation for $21.1 million, resulting in a gain of $2.3 million. In our January 31, 2012 press release announcing our preliminary financial results for the quarter and year ended December 31, 2011, we have included the operating results of this facility in discontinued operations for the current and all prior periods. Prior to the sale, we were earning $1.7 million of base rent per year.

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Maturity of 6.125% exchangeable senior notes due 2011

On November 15, 2011, we paid $9.2 million in connection with the maturity of our 6.125% exchangeable senior notes due 2011.

We refer to the Emerus land acquisition, the acquisition of HUMC, the sale of our Sherman Oaks and Morgantown facilities and the maturity of our 6.125% exchangeable senior notes due 2011 collectively as the Fourth Quarter Events.

We refer to the Fourth Quarter Events, entering into of our new term loan facility, the exercise of the accordion feature and the corresponding increase in commitments under our revolving credit facility, the consummation of this offering, Medical Properties offering of 23,575,000 shares of common stock (including 3,075,000 shares to be sold pursuant to the exercise in full of the equity underwriters over-allotment option) and the Ernest Acquisition Transactions and the application of funds as described in Use of proceeds, as the Transactions.

Operating facilities

At December 31, 2011, our portfolio consisted of 62 properties: 55 facilities (of the 60 facilities that we own, of which one is subject to long-term ground leases) were leased to 20 tenants, one was not under lease as it is under re-development, four were under development, and the remaining assets were in the form of first mortgage loans to a single operator. Our 55 leased facilities consisted of 20 general acute care hospitals, 19 long-term acute care hospitals, eight inpatient rehabilitation hospitals, two medical office buildings, and six wellness centers. The non-owned facilities on which we have made mortgage loans consist of general acute care facilities.

After giving effect to the Ernest Acquisition Transactions, as of December 31, 2011, our portfolio would have consisted of 78 properties: 67 facilities (of the 72 facilities that we own, of which two are subject to long-term ground leases) were leased to 21 tenants, one was not under lease as it was under re-development, four were under development, and the remaining assets were in the form of first mortgage loans to two operators.

The following table provides a summary of our facilities as of December 31, 2011 after giving effect to the Ernest Acquisition Transactions.

Type of property	**Number of facilities**	**Number of licensed beds(1)**	**Number of square feet(1)**	**Investment (thousands)(1)**	**Weighted average lease expiration(1)**
General Acute Care Hospital	27	3,415	3,803,638	$ 948,354	9.8
Long-term Acute Care Hospital	27	1,695	1,617,209	468,283	14.0
Rehabilitation Hospital	16	847	968,098	336,278	15.2
Wellness Center	6		251,213	15,626	8.0
Medical Office Buildings	2		93,287	15,795	6.9
Total:	78	5,957	6,733,445	$ 1,784,336	

(1) Excludes investment of our Florence and Emerus development properties of approximately $30.9 million.

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We believe that the Ernest Acquisition Transactions will enhance the size and quality of our healthcare portfolio, and add diversity by property type, operator and geographic location, as follows:

Increased real estate assets and rents: As of September 30, 2011, our total real estate assets and related loans were $1.5 billion. For the nine months ended September 30, 2011, our total revenues were $109.9 million and $104.3 million excluding straight-line rents. We expect that the facilities we expect to acquire/lease and mortgage in the Ernest Acquisition Transactions will generate initial revenues of $27.0 million. After giving effect to the Ernest Acquisition Transactions and the Fourth Quarter Events, our total real estate assets (including loans) would have been $1.9 billion as of September 30, 2011 (representing a 29.3% increase from results not giving effect to such transactions) and our total revenues would have been $146.0 million (representing a 32.8% increase).

Increased diversification of tenants/operators: Total investments in our largest tenant, Prime Healthcare Services, Inc., or Prime, represented approximately 25.3% of our total assets as of December 31, 2011. After giving effect to the Ernest Acquisition Transactions, total investments in Prime would have represented approximately 20.3% of our total assets.

Increased geographic diversification: As of December 31, 2011, 26.8% of our portfolio was concentrated in California, based on percentage of total assets. After giving effect to the Ernest Acquisition Transactions, our geographic concentration in California would have been reduced to 21.6%, based on percentage of total assets as of December 31, 2011.

Extends lease maturity schedule: The Ernest Acquisition Transactions and the Fourth Quarter Events will have the effect of extending our overall weighted average lease expiration from 10.7 to 11.9 years. Following consummation of the Ernest Acquisition Transactions and the Fourth Quarter Events, approximately 71.6 % of the total annualized rent of our portfolio of healthcare properties will have lease expirations beyond 2020.

Accretive transactions: The Ernest Acquisition Transactions and the Fourth Quarter Events are expected to be immediately accretive to cash available for distribution to our stockholders, resulting in an improved payout ratio and stronger sustainability of our dividends.

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The offering

The offering terms are summarized below solely for your convenience. This summary is not a complete description of the notes. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the notes, see Description of notes in this prospectus. For purposes of this section entitled The offering and the Description of notes, references to we, us and our ref to MPT Operating Partnership, L.P. and MPT Finance Corporation and not to their subsidiaries or any other entity.

Issuers	MPT Operating Partnership, L.P. and MPT Finance Corporation, as co-issuers.
Securities offered	$200,000,000 aggregate principal amount of 6.375% senior notes due 2022.
Stated maturity date	The notes will mature on February 15, 2022.
Interest	The notes will accrue interest at a rate of 6.375% per year from February 17, 2012, until maturity or earlier redemption or repurchase.
Interest payment dates	February 15 and August 15 of each year, commencing August 15, 2012.
Escrow provisions	An amount equal to the proceeds from this offering will be placed in an escrow account together with any additional amounts needed to redeem the notes at their aggregate offering price, plus accrued and unpaid interest on the notes from the issue date up to, but not including, the redemption date. Subject to customary and other conditions to releasing escrowed funds, we will use the escrowed funds to consummate the Ernest Acquisition Transactions contemplated by this prospectus. If the Ernest Acquisition Transactions are not consummated by May 17, 2012, then we will be required to redeem the notes offered hereby at the aggregate offering price plus accrued and unpaid interest up to, but not including, the redemption date. See Description of notes Special mandatory redemption.
Optional redemption	We may redeem some or all of the notes at any time after February 15, 2017 at the redemption prices set forth in Description of notes Optional redemption. We may also redeem up to 35% of the aggregate principal amount of the notes using the proceeds from certain equity offerings completed before February 15, 2015. In addition, we may redeem some or all the notes on or prior to February 15, 2017 at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest up to, but excluding, the applicable redemption date and a make-whole premium. See Description of notes Optional redemption.
Change of control; certain asset sales	If the Operating Partnership or our parent company, Medical Properties Trust, Inc., experiences a change of control, we will be required to make an offer to purchase the notes at a price equal to

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	101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the purchase date under certain circumstances. See Description of notes Repurchase of notes upon a change of control. If the Operating Partnership or any of its restricted subsidiaries sell assets, the issuers will be required to make an offer to purchase the notes at their face amount, plus accrued interest and unpaid interest to the purchase date under certain circumstances. See Description of notes Limitation on asset sales.
Guarantees	The notes will be guaranteed, jointly and severally, on a senior unsecured basis by our parent company and by each of our subsidiaries that guarantees our revolving credit facility. See Description of notes The Guarantees.
Ranking	The notes will be our and the guarantors general senior unsecured obligations, will rank equal in right of payment with all of such entities existing and future senior indebtedness, including borrowings under our revolving credit facility and under our new term loan and our senior notes due 2021, and will rank senior in right of payment to all of such entities existing and future subordinated indebtedness; however, the notes will be effectively subordinated to all of our and the guarantors secured indebtedness to the extent of the value of the collateral securing such indebtedness. The notes will also be structurally subordinated to the indebtedness and other obligations of our subsidiaries that do not guarantee the notes with respect to the assets of such entities. As of September 30, 2011 and after giving effect to the Transactions, we and the guarantors would have had $874.9 million of indebtedness (none of which would have been secured indebtedness), and our subsidiaries that will not guarantee the notes would have had $54.1 million of indebtedness and other liabilities of $6.2 million and had assets of $308.7 million or 14.8% of our company s consolidated total assets. During 2010 and the nine months ended September 30, 2011 after giving effect to the Transactions, our subsidiaries that will not guarantee the notes had revenues of $31.4 million and $20.7 million, respectively, or 18.9% and 14.4%, respectively, of our company s consolidated revenues.
Certain covenants	The indenture governing the notes will, among other things, restrict our ability and the ability of our restricted subsidiaries to, among other things: incur debt; pay dividends and make distributions; create liens; enter into transactions with affiliates; and merge, consolidate or transfer all or substantially all of their assets.

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	We and our restricted subsidiaries will also be required to maintain total unencumbered assets of at least 150% of our collective unsecured debt.
	These covenants will be subject to important exceptions and qualifications. See Description of notes Certain covenants.
No public market	The notes are a new issue of securities and there is no current established trading market for the notes. The underwriters have advised us that they intend to make a market in the notes. The underwriters are not obligated, however, to make a market in the notes, and any such market-making may be discontinued by the underwriters in their discretion at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. See Underwriting.
Book-entry form	The notes will be issued in book-entry only form and will be represented by one or more permanent global certificates deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company, commonly known as DTC, in New York, New York. Beneficial interests in the global certificates representing the notes will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants and such interests may not be exchanged for certificated notes, except in limited circumstances.
Use of proceeds	We expect that the net proceeds from this offering will be approximately $195.5 after deducting underwriting discounts and our estimated expenses from this offering. We intend to ultimately use the net proceeds from this offering to finance a portion of the Ernest Acquisition Transactions. See Use of proceeds.
Trustee	Wilmington Trust, National Association.
Governing law	New York.
Risk factors	Investment in the notes involves risk. You should carefully consider the information under the section titled Risk factors and all other information included in this prospectus before investing in the notes.

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Summary historical and unaudited pro forma consolidated financial data

The summary historical consolidated financial data presented below as of December 31, 2010 and for the years ended December 31, 2008, 2009 and 2010 have been derived from Medical Properties audited consolidated financial statements and accompanying notes incorporated by reference herein. The summary historical consolidated financial data as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011 has been derived from our unaudited consolidated financial statements, which are incorporated by reference herein. These unaudited consolidated financial statements have been prepared on a basis consistent with Medical Properties audited consolidated financial statements. In the opinion of Medical Properties management, the unaudited summary historical consolidated financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the results for those periods. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year or any future period. Historical results are not necessarily indicative of the results to be expected in the future.

As of September 30, 2011, Medical Properties Trust, Inc. had a 99.8% equity ownership interest in MPT Operating Partnership, L.P. Medical Properties Trust, Inc. has no significant operations other than as the sole member of its wholly owned subsidiary, Medical Properties Trust, LLC, which is the sole general partner of MPT Operating Partnership, L.P., and no material assets, other than its direct and indirect investment in MPT Operating Partnership, L.P. There is no significant difference between MPT Operating Partnership, L.P. s net income and Medical Properties Trust, Inc. s net income.

We derived the summary unaudited pro forma consolidated financial data from Medical Properties unaudited pro forma condensed consolidated financial statements set forth in this prospectus under the heading Unaudited pro forma condensed consolidated financial statements. The unaudited pro forma condensed consolidated financial statements are based on Medical Properties audited and unaudited historical consolidated financial statements, which are incorporated by reference herein, and those of Ernest, which are incorporated by reference herein, after giving effect to the Ernest Acquisition Transactions. These unaudited pro forma condensed consolidated financial statements were prepared based upon the purchase method of accounting for the real estate acquired and our expected election to use the fair value option when accounting for our equity and loan investments in Ernest in accordance with GAAP and by applying the assumptions and adjustments described in the notes accompanying such financial statements. We do not expect to consolidate the financial statements of Ernest, which is how we have treated it for purposes of the unaudited pro forma condensed consolidated financial statements. The summary unaudited pro forma condensed consolidated financial statements presented below gives effect to the Ernest Acquisition Transactions as if they occurred on January 1, 2010 and January 1, 2011 for the pro forma operating data for December 2010 and nine months ended September 2011, respectively, and as of September 30, 2011 for the pro forma balance sheet data.

The unaudited pro forma condensed consolidated financial statements adjust the historical financial information to give effect to pro forma events that are directly attributable to the Ernest Acquisition Transactions, are factually supportable and, in the case of the pro forma

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statements of operations, have a recurring impact. The pro forma adjustments are preliminary, and the unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the financial position or results of operations that may have actually occurred had the Ernest Acquisition Transactions taken place on the dates noted, or the future financial position or operating results of our company. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable.

You should read the following summary historical and unaudited pro forma consolidated financial data in conjunction with Capitalization and Unaudited pro forma condensed consolidated financial statements. In addition, this information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations which is incorporated by reference herein from Medical Properties Annual Report on Form 10-K for the year ended December 31, 2010, as amended and Medical Properties consolidated financial statements and the related notes thereto included elsewhere in this prospectus and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and Ernest s consolidated financial statements and the related notes thereto, which are incorporated by reference herein from Medical Properties Current Report on Form 8-K, filed by Medical Properties with the SEC on January 31, 2012. See Where you can find more information and Incorporation of certain information by reference.

(in thousands, except per share amounts)	Year ended December 31, 2008(1)	2009(1)	2010(1)	Nine months ended September 30, 2010(1)	2011(1)	Pro forma Year ended December 31, 2010	Pro forma Nine months ended September 30, 2011
Operating data							
Total revenue	$ 107,070	$ 118,809	$ 121,847	$ 90,095	$ 109,937	$ 166,329	$ 143,298
Depreciation and amortization	(22,385)	(22,628)	(24,486)	(18,100)	(24,678)	(29,736)	(28,616)
Property-related and general and administrative expenses	(23,757)	(24,898)	(32,942)	(23,901)	(24,243)	(32,928)	(24,108)
Impairment charge			(12,000)	(12,000)	(564)	(12,000)	(564)
Interest and other income	86	43	1,518	1,488	58	1,518	58
Debt refinancing costs			(6,716)	(6,556)	(14,214)	(6,716)	(14,214)
Interest expense	(42,424)	(37,656)	(33,993)	(26,106)	(32,462)	(49,587)	(44,126)
Income from continuing operations	18,590	33,670	13,228	4,920	13,834	36,880	31,728
Non-controlling interests share in earnings	(33)	(37)	(99)	(63)	(131)	(99)	(131)
Income from continuing operations attributable to Medical Properties common stockholders	$ 18,557	$ 33,633	$ 13,129	$ 4,857	$ 13,703	$ 36,781	$ 31,597
Other data							
Dividends declared per share	$ 1.01	$ 0.80	$ 0.80	$ 0.60	$ 0.60	$ 0.80	$ 0.60

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(in thousands)	As of December 31, 2010(1)	As of September 30, 2011(1)	Pro forma as of September 30, 2011
Balance sheet data			
Real estate assets including mortgage loans at cost	$ 1,197,369	$ 1,423,288	$ 1,723,288
Real estate accumulated depreciation and amortization	(76,094)	(100,772)	(100,772)
Other loans	50,985	56,131	149,331
Cash and equivalents	98,408	114,368	208,530
Other assets	78,146	102,674	111,974
Total assets	$ 1,348,814	$ 1,595,689	$ 2,092,351
Debt, net	$ 369,970	$ 649,013	$ 929,013
Other liabilities	79,268	109,012	109,012
Total Medical Properties Trust, Inc. stockholders equity	899,462	837,564	1,054,226
Non-controlling interests	114	100	100
Total equity	$ 899,576	$ 837,664	$ 1,054,326
Total liabilities and equity	$ 1,348,814	$ 1,595,689	$ 2,092,351

(in thousands, except for ratios)	Fiscal year ended December 31, 2008(1)	2009(1)	2010(1)	Nine months ended September 30, 2011
Other data				
EBITDA(2)	$ 100,461	$ 100,504	$ 91,525	$ 85,681
Adjusted EBITDA(2)	$ 110,329	$ 101,305	$ 103,909	$ 91,272
Net debt to Adjusted EBITDA(2)	5.61x	5.54x	2.61x	
Pro Forma Adjusted EBITDA(3)			$ 148,391	$124,633

(1) Medical Properties invested $469.5 million, $15.6 million and $158.4 million in real estate in 2008, 2009 and 2010, respectively, and $85.7 million and $219.9 million during the nine months ended September 30, 2010 and 2011. The results of operations resulting from these investments are reflected in Medical Properties consolidated financial statements from the dates invested. See Note 3 in Item 8 of Medical Properties Annual Report on Form 10-K for the year ended December 31, 2010, as amended, and Note 3 in Item 1 of our Combined Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 for further information on acquisitions of real estate, new loans and other investments. Medical Properties funded these investments generally from issuing common stock, utilizing additional amounts of our revolving credit facility, incurring additional debt or from the sale of facilities. See Notes 4, 9 and 11 in Item 8 on Medical Properties Annual Report on Form 10-K for the year ended December 31, 2010, as amended, and Notes 4, 5 and 9 in Item 1 of our Combined Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 for further information regarding our debt, common stock and discontinued operations, respectively.

(2) We believe that earnings before interest expense, income taxes, depreciation and amortization, or EBITDA, and Adjusted EBITDA, are useful supplemental performance measures because they allow investors to view Medical Properties performance without the impact of non-cash depreciation and amortization or the cost of debt. EBITDA includes both continuing and discontinued operations. Adjusted EBITDA is EBITDA adjusted to eliminate the impact of gains and losses on asset sales, impairment charges, write off of straight line rent, property-related expenses, executive severance and acquisitions costs. In calculating Net debt to Adjusted EBITDA, we have subtracted from net debt all cash on the balance sheet as of each applicable fiscal year end. In addition, we believe

EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Because EBITDA and Adjusted EBITDA are calculated before recurring cash charges including interest expense and income taxes, exclude capitalized costs, such as leasing commissions, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utility as a measure of Medical Properties performance is limited. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur charges, costs and expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Accordingly, EBITDA and Adjusted EBITDA should be considered only as supplement to net income (computed in accordance with GAAP) as a measure of Medical Properties financial performance. Other REITs may calculate EBITDA and Adjusted EBITDA differently than Medical Properties

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does; accordingly, Medical Properties EBITDA and Adjusted EBITDA may not be comparable to such other REITs EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA as described above may not be calculated on the same basis as Consolidated EBITDA is calculated under the indenture governing the notes. For a description of how Consolidated EBITDA is calculated under the indenture governing the notes, see Description of notes Certain definitions.

(3) Pro Forma Adjusted EBITDA for the year ended December 31, 2010 and the nine months ended September 30, 2011 represents Medical Properties Adjusted EBITDA after giving effect to rent, straight-line rent and interest income that would have been earned by us had the Ernest Acquisition Transactions occurred on January 1, 2010 and January 1, 2011, respectively, as described under the heading Unaudited pro forma condensed consolidated financial statements. Adjustments exclude any interest (including deferred financing amortization/write-off), depreciation or tax impact from the Transactions as these items are excluded from the definition of EBITDA. We believe that Pro Forma Adjusted EBITDA provides useful information to investors regarding Medical Properties financial condition and results of operations because Pro Forma Adjusted EBITDA is useful in evaluating Medical Properties ongoing operating performance giving effect to the Ernest Acquisition Transactions. Because Pro Forma Adjusted EBITDA is calculated before recurring cash charges including interest expense and income taxes, excludes capitalized costs, such as leasing commissions, and is not adjusted for other recurring cash requirements of Medical Properties business, its utility as a measure of Medical Properties performance is limited. Accordingly, Pro Forma Adjusted EBITDA should be considered only as supplement to operating cash flow (computed in accordance with GAAP) as a measure of Medical Properties liquidity.

The following table shows the reconciliation of net income to EBITDA and Adjusted EBITDA, and Pro Forma Adjusted EBITDA.

(in thousands)	**Fiscal year ended December 31, 2008**	**2009**	**2010**	**Nine months ended September 30, 2011**
Net income	$ 32,700	$ 36,330	$ 22,913	$ 13,844
Interest expense (including debt refinancing costs)	42,338	37,613	40,731	46,537
Taxes	(1,112)	252	1,571	46
Depreciation and amortization	26,535	26,309	26,310	25,254
EBITDA	100,461	100,504	91,525	85,681
Gains on asset sales	(9,305)	(278)	(10,566)	(5)
Impairment charges			12,000	564
Write off of straight-line rent	14,037	1,079	3,694	
Property-related expenses	5,136		2,400	1,846
Executive severance			2,830	
Acquisitions costs			2,026	3,186
Adjusted EBITDA	**$ 110,329**	**$ 101,305**	**$ 103,909**	**$ 91,272**
Rent billed from Ernest Acquisition Transactions			18,000	13,500
Straight-line rent from Ernest Acquisition Transactions			3,502	2,626
Interest income from Ernest Acquisition Transactions			22,980	17,235
Pro forma adjustments			**$ 44,482**	**$ 33,361**
Pro Forma Adjusted EBITDA			**$ 148,391**	**$ 124,633**

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Risk factors

An investment in the notes involves various risks, including those described below and those included in Medical Properties Annual Report on Form 10-K for the year ended December 31, 2010, as amended, which is incorporated herein by reference. These risks are not the only ones faced by us. Additional risks not presently known or that we currently deem immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. The trading price of the notes could decline due to any of the materialization of any of these risks, and you may lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere and incorporated by reference in this prospectus. Please refer to the section entitled Forward-looking statements.

Risks related to the Ernest Acquisition Transactions

If the Ernest Acquisition Transactions are completed, we may be subject to additional risks.

In addition to the risks described in Medical Properties Annual Report on Form 10-K for the year ended December 31, 2010, as amended, relating to healthcare facilities that we may purchase from time to time, we would also be subject to additional risks if the Ernest Acquisition Transactions are consummated, including without limitation the following:

- we have no previous business experience with the tenants at the Acquired Facilities, and we may face difficulties in the integration of them;

- underperformance of the Acquired Facilities due to various factors, including unfavorable terms and conditions of the existing lease agreements relating to the facilities, disruptions caused by the integration of tenants with us or changes in economic conditions;

- diversion of our management s attention away from other business concerns;

- exposure to any undisclosed or unknown potential liabilities relating to the Acquired Facilities; and

- potential underinsured losses on the Acquired Facilities.

We cannot assure you that we would be able to integrate the Acquired Facilities without encountering difficulties or that any such difficulties will not have a material adverse effect on us.

In addition, some of the properties may be acquired through the Ernest Acquisition Transactions of all of the ownership interests of the entity that owns such property. Such an acquisition at the entity level rather than the asset level may expose us to any additional risks and liabilities associated with the acquired entity.

We have made minority investments in the operators of certain of our healthcare facilities and the Ernest Acquisition Transactions contemplate that we will make a similar minority investment in the operator of the Ernest facilities; the cash flows from this investment are subject to more volatility than our cash flow from properties with traditional triple-net leasing structure.

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We make minority investments in the operators of certain of our healthcare facilities and the Ernest Acquisition Transactions contemplate that we will make a similar investment in the operator of the Ernest facilities utilizing the Housing and Economic Recovery Act of 2008 and taxable REIT subsidiary structure. The Ernest Acquisition Transactions, if consummated, will result in us having a minority investment in the operator of the Ernest facilities. Accordingly, the cash flows on this investment will be dependent upon the operator of the Ernest facilities and will vary from time to time depending on the success of the operator. As a result, the cash flow from this investment may be more volatile than cash flow from rent pursuant to the triple-net lease agreements with our tenants and interest income from loans to our tenants. Our business, results of operations and financial condition may be adversely affected if the operator of the Ernest facilities fails to successfully operate the facilities efficiently, effectively and in a manner that is in our best interest.

Our revenues are dependent upon our relationship with, and success of, Ernest and Prime.

After giving effect to the Ernest Acquisition Transactions and the Fourth Quarter Events, as of September 30, 2011, our portfolio would have consisted of 78 properties: 67 facilities (of the 72 facilities that we own, of which two are subject to long-term ground leases) were leased to 20 tenants, one was not under lease as it was under re-development, four were under development, and the remaining assets were in the form of first mortgage loans to two operators. After giving effect to the Ernest Acquisition Transactions and the Fourth Quarter Events, as of September 30, 2011, affiliates of Prime would have leased or mortgaged 12 facilities, representing 21.7% of the original total cost of our operating facilities and mortgage loan and subsidiaries of Ernest would have leased or mortgaged 16 facilities, representing 20.8% of the original total cost of our operating facilities and mortgage loans. For the nine months ended September 30, 2011, on a pro forma basis to give effect to the Transactions and excluding revenue from properties sold in the fourth quarter, total revenue from Prime and Ernest would have been $32.4 million and $33.4 million, respectively, or 22.2% and 22.9%, respectively, of total revenue for the nine months ended September 30, 2011.

Our relationship with Prime and Ernest, and their respective 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. We are dependent upon the ability of Prime and Ernest to make rent and loan payments to us, and their failure or delay to meet these obligations could have a material adverse effect on our financial condition and results of operations.

Taxable REIT subsidiaries are subject to corporate-level taxes and transactions with taxable REIT subsidiaries may be subject to excise tax.

In connection with the Ernest Acquisition Transactions, we intend to enter into multiple leases and other transactions with our taxable REIT subsidiary and its subsidiaries. A taxable REIT subsidiary may generally hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT but a taxable REIT subsidiary is also subject to applicable U.S. federal, state and local income taxes. In addition, under applicable rules, transactions such as leases between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm s length basis may be subject to a 100% excise tax. Imposition of a 100% excise tax could have a material adverse effect on our financial condition and results of operations and could adversely effect the trading price of our common stock.

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Risks related to the notes and the offering

Our indebtedness may affect our ability to operate our business, and may have a material adverse effect on our financial condition and results of operations. We and our subsidiaries may incur additional indebtedness, including secured indebtedness.

As of September 30, 2011, and on a pro forma basis to give effect to the Transactions, the Issuers and the Guarantors would have had total outstanding indebtedness of approximately $874.9 million (none of which would have been secured indebtedness), $398.7 million available to us for borrowing under our revolving credit facility and our subsidiaries that will not guarantee the notes would have had $54.1 million of indebtedness and other liabilities of $6.2 million, all of which would have been structurally senior to the notes. During 2010 and the nine months ended September 30, 2011, our subsidiaries that will not guarantee the notes had revenues of $27.1 million and $17.4 million, respectively, or 22.2% and 15.9%, respectively, of consolidated revenues.

Our indebtedness could have significant adverse consequences to us and the holders of the notes, such as:

- requiring us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund working capital, capital expenditures, development projects and other general corporate purposes;

- limiting our ability to obtain additional financing to fund our working capital needs, acquisitions, capital expenditures or other debt service requirements or for other purposes;

- limiting our ability to compete with other companies who are not as highly leveraged, as we may be less capable of responding to adverse economic and industry conditions;

- restricting us from making strategic acquisitions, developing properties or exploiting business opportunities;

- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness, including, in the case of certain indebtedness of subsidiaries, certain covenants that restrict the ability of subsidiaries to pay dividends or make other distributions to us;

- exposing us to potential events of default (if not cured or waived) under financial and operating covenants contained in our debt instruments that could have a material adverse effect on our business, financial condition and operating results;

- increasing our vulnerability to a downturn in general economic conditions; and

- limiting our ability to react to changing market conditions in our industry and in our tenants and borrowers industries.

Furthermore, as of September 30, 2011, on a pro forma basis to give effect to the Transactions, we would have had $119.6 million of indebtedness that bore interest at variable rates. In addition, our future borrowings may bear interest at variable rates. If interest rates increase significantly, our ability to borrow additional funds may be reduced and the risk related to our indebtedness would intensify.

In addition to our debt service obligations, our operations may require substantial investments on a continuing basis. Our ability to make scheduled debt payments, to refinance our obligations

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with respect to our indebtedness and to fund capital and non-capital expenditures necessary to maintain the condition of our operating assets and properties, as well as to provide capacity for the growth of our business, depends on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and financial, business, competitive, legal and other factors.

Subject to the restrictions that are expected to be contained in our new term loan facility and the indenture governing the notes offered hereby and that are contained in our revolving credit facility and the indenture governing our outstanding 6.875% senior notes due 2021 (the 2011 Notes), we may incur significant additional indebtedness, including additional secured indebtedness. Although the terms of these agreements contain or will contain restrictions on the incurrence of additional indebtedness, these restrictions are or will be subject to a number of qualifications and exceptions, and additional indebtedness incurred in compliance with these restrictions could be significant. If the offering of common stock by Medical Properties is not consummated as expected, we may incur additional debt to finance the Ernest Acquisition Transactions. If we incur additional debt in the future, the risks described above could increase.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to satisfy our debt obligations will depend upon, among other things:

- our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control; and

- our future ability to borrow under our revolving credit facility, the availability of which depends on, among other things, our complying with the covenants in the indenture that will govern the notes.

We cannot assure you that our business will generate sufficient cash flow from operations, or that we will be able to draw under our revolving credit facility or otherwise, in an amount sufficient to fund our liquidity needs.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations, sell equity, and/or negotiate with our lenders to restructure the applicable debt, in order to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Our new term loan facility, revolving credit facility, the indenture governing our 2011 Notes and the indenture governing the notes offered hereby may restrict, or market or business conditions may limit, our ability to avail ourselves to some or all of

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these options. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due.

Our debt agreements contain restrictions that will limit our flexibility in operating our business.

Our revolving credit facility and the indenture governing our 2011 Notes contain and our new term loan facility and the indenture governing the notes offered hereby will contain, and any instruments governing future indebtedness of ours may contain, a number of covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

incur additional debt or issue certain preferred shares;

pay dividends on or make distributions in respect of Medical Properties capital stock or make other restricted payments;

make certain payments on debt that is subordinated to the notes;

make certain investments;

sell or transfer assets;

create liens on certain assets;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

enter into certain transactions with our affiliates; and

designate our subsidiaries as unrestricted subsidiaries.

Any of these restrictions could limit our ability to plan for or react to market conditions and could otherwise restrict corporate activities. Any failure to comply with these covenants could result in a default under our new term loan facility, revolving credit facility, the indenture governing our 2011 Notes and the indenture governing the notes offered hereby. Upon a default, unless waived, the lenders under our new term loan facility and revolving credit facility could elect to terminate their commitments, cease making further loans and force us into bankruptcy or liquidation. Holders of our 2011 Notes and the notes offered hereby would also have the ability ultimately to force us into bankruptcy or liquidation, subject to the indentures governing our 2011 Notes and the notes offered hereby. In addition, a default (or an event of default) under our new term loan facility, our revolving credit facility, the indenture governing our 2011 Notes or the notes offered hereby may trigger a cross default under our other agreements and could trigger a cross-default or cross-acceleration under the agreements governing our future indebtedness. Our operating results may not be sufficient to service our indebtedness or to fund our other expenditures and we may not be able to obtain financing to meet these requirements. See Description of notes and Description of other material indebtedness.

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We will depend on dividends and distributions from our direct and indirect subsidiaries to fulfill our obligations under the notes. The creditors of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to us.

Substantially all of our assets are held through our subsidiaries. We depend on these subsidiaries for substantially all of our cash flow. The creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary s obligations to them, when due and payable, before distributions may be made by that subsidiary to us. Thus, our ability to service our debt obligations, including our ability to pay the interest on and principal of the notes when due, depends on our subsidiaries ability first to satisfy their obligations to their creditors and then to make distributions to us. Our subsidiaries are separate and distinct legal entities and have no obligations, other than under the guarantee of the notes for the majority of our subsidiaries, to make any funds available to us.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under our new term loan facility, our revolving credit facility, and the indenture governing our 2011 Notes, that is not waived by the required holders of such indebtedness, could leave us unable to pay principal, premium, if any, or interest on the notes and could substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on such indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, including our New Term Loan Facility, our revolving credit facility, and the indenture governing our 2011 Notes or the notes offered hereby, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with any accrued and unpaid interest, the lenders under our new term loan facility and revolving credit facility could elect to terminate their commitments, cease making further loans and we could be forced into bankruptcy or liquidation, as applicable. If our operating performance declines, we may in the future need to seek waivers from the required lenders under our new term loan facility and revolving credit facility to avoid being in default. If we breach our covenants under our new term loan facility and revolving credit facility and seek waivers, we may not be able to obtain waivers from the required lenders thereunder.

Your right to receive payments on the notes is effectively subordinated to the right of lenders who have a security interest in our assets to the extent of the value of those assets.

Our obligations under our new term loan facility and revolving credit facility, the 2011 Notes, the notes and the guarantors obligations under their guarantees of borrowings under our new term loan facility, revolving credit facility, the 2011 Notes and the notes will be unsecured, but our obligations under certain other financing arrangements with lenders are secured by mortgages and security interests in certain of our properties and the ownership interests of certain of our subsidiaries. If we are declared bankrupt or insolvent, or if we default under our secured financing arrangements, the funds borrowed thereunder, together with accrued interest, could become immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of

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default exists under the indenture governing the notes at such time. In any such event, because the notes are not secured by any of such assets, it is possible that there would not be sufficient assets from which your claims could be satisfied.

Claims of noteholders will be structurally subordinated to claims of creditors of any of our subsidiaries that do not guarantee the notes.

We conduct all of our operations through our subsidiaries. Subject to certain limitations, the indenture governing the notes permits us to form or acquire subsidiaries that are not guarantors of the notes and permits such non-guarantor subsidiaries to acquire assets and incur indebtedness, and, as a result, noteholders would not have any claim as a creditor against any such subsidiaries. The claims of the creditors of those subsidiaries, including their trade creditors, banks and other lenders, would have priority over any of our claims or those of our other subsidiaries as equity holders of the non-guarantor subsidiaries. Consequently, in any insolvency, liquidation, reorganization, dissolution or other winding-up of any of the non-guarantor subsidiaries, creditors of those subsidiaries would be paid before any amounts would be distributed to us or to any of our other subsidiaries as equity holders, and thus be available to satisfy our and the guarantors obligations under the notes and guarantees of the notes.

As of September 30, 2011 and on a pro forma basis to give effect to the consummation of the Transactions, our subsidiaries that will not guarantee the notes would have had $54.1 million of indebtedness and other liabilities of $6.2 million and assets of $308.7 million or 14.8% of our company s consolidated total assets. During 2010 and the nine months ended September 30, 2011, our subsidiaries that will not guarantee the notes had revenues of $27.1 million and $17.4 million, respectively, or 22.2% and 15.9%, respectively, of our company s consolidated revenues.

We may not be able to satisfy our obligations to holders of the notes upon a change of control.

Upon the occurrence of a change of control, as defined in the indenture, with certain exceptions, each holder of the notes will have the right to require us to purchase the notes at a price equal to 101% of the principal amount thereof. Our failure to purchase, or to give notice of purchase of, the notes would be a default under the indenture and any such default could result in a default under certain of our other indebtedness, including our new term loan facility, our revolving credit facility and the indenture governing our 2011 Notes. In addition, a change of control may constitute an event of default under our new term loan facility and revolving credit facility.

There is no established trading market for the notes. If an actual trading market does not develop for the notes, you may not be able to resell them quickly, for the price that you paid or at all.

The notes will constitute a new issue of securities and there is no established trading market for the notes. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for quotation of the notes on any automated dealer quotation systems. The underwriters have advised us that they intend to make a market in the notes, but they are not obligated to do so. Each underwriter may discontinue any market making in the notes at any time, in its sole discretion, without notice. As a result, we cannot assure you as to the liquidity of any trading market for the notes.

We also cannot assure you that you will be able to sell your notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. If no active trading market

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develops, you may not be able to resell your notes at their fair market value, or at all. The liquidity of, and trading market for, the notes may also be adversely affected by, among other things:

- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on holders of the notes, regardless of our prospects and financial performance.

U.S. federal and state statutes allow courts, under specific circumstances, to avoid the guarantees, subordinate claims in respect of the guarantees and require note holders to return payments received from the guarantors.

Medical Properties and certain of the Operating Partnership s subsidiaries will guarantee the obligations under the notes. The issuance of the guarantees by the guarantors may be subject to review under federal and state laws if a bankruptcy, liquidation or reorganization case or a lawsuit, including in circumstances in which bankruptcy is not involved, were commenced at some future date by, or on behalf of, the unpaid creditors of a guarantor. Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer, insolvency, fictitious indebtedness and similar laws, a court may avoid or otherwise decline to enforce a guarantor s guarantee or may subordinate the notes or such guarantee to the applicable guarantor s existing and future indebtedness. While the relevant laws may vary from state to state, a court might do so if it found that when the applicable guarantor entered into its guarantee, or, in some states, when payments became due under such guarantee, the applicable guarantor received less than reasonably equivalent value or fair consideration in exchange for its issuance of the guarantee and:

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction, or was about to engage in a business or transaction, for which its remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

- under the fictitious indebtedness laws of some states, the presence of the above-listed factors is not required for a guarantee to be invalidated. A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration in exchange for such guarantee if such guarantor did not substantially benefit directly or indirectly from the issuance of such guarantee. The measures of insolvency for purposes of these fraudulent transfer, insolvency and similar laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor, as applicable, would be considered insolvent if:

  - the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair saleable value of its assets;

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the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent and unliquidated liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

A court might also avoid a guarantee, without regard to the above factors, if the court found that the applicable guarantor entered into its guarantee with the actual intent to hinder, delay or defraud its creditors. In addition, any payment by a guarantor pursuant to its guarantee could be avoided and required to be returned to such guarantor or to a fund for the benefit of such guarantor s overall creditor body, and accordingly the court might direct you to repay any amounts that you had already received from such guarantor.

To the extent a court avoids any of the guarantees as fraudulent transfers or holds any of the guarantees unenforceable or avoidable for any other reason, holders of notes would cease to have any direct claim against the applicable guarantor. If a court were to take this action, the applicable guarantor s assets would be applied first to satisfy the applicable guarantor s direct liabilities, if any, and might not be applied to the payment of the guarantee. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any.

Each guarantee will contain a provision intended to limit the guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being avoided under applicable fraudulent transfer laws or may reduce the guarantor s obligation to an amount that effectively makes the guarantee worthless. Although overturned on other grounds, in a recent Florida bankruptcy case, such a provision was found to be ineffective to protect the guarantee.

MPT Finance Corporation has no material assets or operations and provides no credit support for the notes.

MPT Finance Corporation is a wholly-owned subsidiary of the Operating Partnership and was formed for the sole purpose of being a co-issuer of some of the Operating Partnerships indebtedness. It has no material assets or operations. You should not rely upon MPT Finance Corporation to make payments on the notes.

If the Ernest Acquisition Transactions are not consummated by May 17, 2012, we will be required to redeem the notes. If this occurs, you may realize a lower return on your investment than if the notes had been held through maturity.

Until the satisfaction of the escrow release conditions, the escrow agent will hold the proceeds from the offering of the notes together with additional amounts sufficient to redeem the notes in a segregated escrow account for the benefit of the holders of the notes. The release of the escrowed funds will be conditioned upon the consummation of the Ernest Acquisition Transactions being satisfied or waived by May 17, 2012 and there being no event of default under the indenture governing the notes offered hereby at such time. There can be no assurance that such conditions will be satisfied or waived by such date and/or that no event of default will exist.

If prior to the date specified above the Ernest Acquisition Transactions are not consummated or the other conditions to release of the escrowed funds are not timely met, we will be required to

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redeem the notes at the aggregate offering price plus accrued and unpaid interest up to, but not including, the redemption date. See Description of notes Special mandatory redemption. Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns.

If a bankruptcy or reorganization case is commenced, bankruptcy laws may prevent the trustee from releasing the escrowed funds.

If we or any of our subsidiaries commence a bankruptcy or reorganization case, or one is commenced against us, the applicable bankruptcy laws may prevent the trustee under the indenture governing the notes from foreclosing on, and the securities intermediary from releasing, the escrowed funds. Under the applicable bankruptcy laws, secured creditors, such as the trustee on behalf of the holders of the notes, are prohibited from foreclosing upon or disposing of a debtor s property without prior bankruptcy court approval.

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Unaudited pro forma condensed consolidated financial statements

The unaudited pro forma condensed consolidated statements of income and balance sheet (which we refer to as the pro forma financial statements) adjust Medical Properties historical consolidated financial statements for the acquisition of real estate of Ernest and new investments in loans to Ernest and equity interests in Ernest to illustrate the effect of the Ernest Acquisition Transactions. The pro forma financial statements were based on and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed consolidated financial statements;
- Medical Properties consolidated financial statements for the year ended December 31, 2010 and for the nine months ended September 30, 2011 and the notes relating thereto, incorporated herein by reference; and
- the consolidated financial statements of Ernest for the year ended December 31, 2010 and for the nine months ended September 30, 2011 and the notes relating thereto, which are incorporated herein by reference to Medical Properties Current Report on Form 8-K filed with the SEC on January 31, 2012.

The historical consolidated financial statements have been adjusted in the unaudited pro forma condensed consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the Ernest Acquisition Transactions, (2) factually supportable and (3) with respect to the unaudited pro forma condensed consolidated statements of income (which we refer to as the pro forma statements of income), expected to have a continuing impact on Medical Properties results. The pro forma statements of income for the year ended December 31, 2010 and for the nine months ended September 30, 2011, give effect to the Ernest Acquisition Transactions as if they occurred on January 1, 2010 and January 1, 2011, respectively. The unaudited pro forma condensed consolidated balance sheet (which we refer to as the pro forma balance sheet) as of September 30, 2011, gives effect to the Ernest Acquisition Transactions as if they occurred on September 30, 2011.

As described in the accompanying notes, the unaudited pro forma condensed consolidated financial statements have been prepared using the acquisition method of accounting for the real estate acquired and based on our expected election to use the fair value option when accounting for the equity and loan investments in Ernest, in each case, in accordance with GAAP and the regulations of the SEC. We have been treated as the acquirer of real estate in the transaction for accounting purposes. The purchase accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma financial statements are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed consolidated financial statements. Differences between these preliminary estimates and the final accounting will occur and these differences could have a material impact on the pro forma financial statements and Medical Properties future results of operations and financial position.

The pro forma financial statements have been presented for informational purposes only and are not necessarily indicative of what Medical Properties results of operations and financial position

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would have been had the Ernest Acquisition Transactions been completed on the dates indicated. In addition, the pro forma financial statements do not purport to project the future results of operations or financial position of our company.

As of September 30, 2011, Medical Properties Trust, Inc. had a 99.8% equity ownership interest in MPT Operating Partnership, L.P. Medical Properties Trust, Inc. has no significant operations other than as the sole member of its wholly owned subsidiary, Medical Properties Trust, LLC, which is the sole general partner of MPT Operating Partnership, L.P., and no material assets, other than its direct and indirect investment in MPT Operating Partnership, L.P. There is no significant difference between MPT Operating Partnership, L.P. s net income and Medical Properties Trust, Inc. s net income.

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Medical Properties Trust, Inc. and subsidiaries

Unaudited Pro Forma Condensed Consolidated Balance Sheet

(in thousands, except per share amounts)	Medical properties trust, inc. historical September 30, 2011	Ernest pro forma adjustments	Medical properties trust, inc. pro forma September 30, 2011
		(A)	
Assets			
Real estate assets			
Land, buildings and improvements, and intangible lease assets	$ 1,258,288	$ 200,000	$ 1,458,288
Mortgage loans	165,000	100,000	265,000
Gross investment in real estate assets	1,423,288	300,000	1,723,288
Accumulated depreciation and amortization	(100,772)		(100,772)
Net investment in real estate assets	1,322,516	300,000	1,622,516
Cash and cash equivalents	114,368	94,162 (A)	208,530
Interest and rent receivable	28,822		28,822
Straight-line rent receivable	34,603		34,603
Other loans	56,131	93,200	149,331
Investment in Ernest		3,300 (B)	3,300
Other assets	39,249	6,000	45,249
Total Assets	**$ 1,595,689**	**$ 496,662**	**$ 2,092,351**
Liabilities and Equity			
Liabilities			
Debt, net	$ 649,013	$ 280,000 (C)	$ 929,013
Accounts payable and accrued expenses	57,666		57,666
Deferred revenue	23,576		23,576
Lease deposits and other obligations to tenants	27,770		27,770
Total liabilities	758,025	280,000	1,038,025
Equity			
Preferred stock, $0.001 par value. Authorized 10,000 shares; no shares outstanding			
Common stock, $0.001 par value. Authorized 150,000 shares; issued and outstanding 110,647 shares at September 30, 2011, actual, and 134,222 shares at September 30, 2011, as adjusted	111	23	134
Additional paid in capital	1,054,040	218,639	1,272,679
Distributions in excess of net income	(204,343)	(2,000)	(206,343)
Accumulated other comprehensive loss	(11,982)		(11,982)

Treasury shares, at cost	(262)		(262)
Total Medical Properties Trust, Inc. stockholders equity	837,564	216,662	1,054,226
Non-controlling interests	100		100
Total equity	837,664	216,662	1,054,326
Total Liabilities and Equity	**$ 1,595,689**	**$ 496,662**	**$ 2,092,351**

The accompanying notes are an integral part of these

unaudited pro forma condensed consolidated financial statements.

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Medical Properties Trust, Inc. and subsidiaries

Unaudited Pro Forma Condensed Consolidated Statement of Income

(In thousands)	Medical Properties Trust, Inc. historical for the nine months ended September 30, 2011	Ernest pro forma adjustments		Medical Properties Trust, Inc. pro forma for the nine months ended September 30, 2011
Revenues				
Rent billed	$ 88,519	$ 13,500	(D)	$ 102,019
Straight-line rent	5,606	2,626	(E)	8,232
Interest and fee income	15,812	17,235	(F)	33,047
Total revenues	109,937	33,361		143,298
Expenses				
Real estate depreciation and amortization	24,678	3,938	(G)	28,616
Impairment charge	564			564
Property-related	629			629
Acquisition expenses	3,186	(135)	(H)	3,051
General and administrative	20,428			20,428
Total operating expenses	49,485	3,803		53,288
Operating income	60,452	29,558		90,010
Other income (expense)				
Interest and other income	58			58
Earnings of Ernest			(I)	
Debt refinancing costs	(14,214)			(14,214)
Interest expense	(32,462)	(11,664)	(J)	(44,126)
Net other expense	(46,618)	(11,664)		(58,282)
Income from continuing operations	**13,834**	**17,894**		**31,728**
Non-controlling interest share in earnings	(131)			(131)
Income from continuing operations attributable to MPT common stockholders	**$ 13,703**	**$ 17,894**		**$ 31,597**

The accompanying notes are an integral part of these

unaudited pro forma condensed consolidated financial statements.

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Medical Properties Trust, Inc. and subsidiaries

Unaudited Pro Forma Condensed Consolidated Statement of Income

(In thousands)	Medical Properties Trust, Inc. historical for the twelve months ended December 31, 2010	Ernest pro forma adjustments		Medical Properties Trust, Inc. pro forma for the twelve months ended December 31, 2010
Revenues				
Rent billed	$ 92,785	$ 18,000	(D)	$ 110,785
Straight-line rent	2,074	3,502	(E)	5,576
Interest and fee income	26,988	22,980	(F)	49,968
Total revenues	121,847	44,482		166,329
Expenses				
Real estate depreciation and amortization	24,486	5,250	(G)	29,736
Impairment charge	12,000			12,000
Property-related	4,407			4,407
Acquisition expenses	2,026	(14)	(H)	2,012
General and administrative	26,509			26,509
Total operating expenses	69,428	5,236		74,664
Operating income	52,419	39,246		91,665
Other income (expense)				
Interest and other income	1,518			1,518
Earnings of Ernest			(I)	
Debt refinancing costs	(6,716)			(6,716)
Interest expense	(33,993)	(15,594)	(K)	(49,587)
Net other expense	(39,191)	(15,594)		(54,785)
Income from continuing operations	13,228	23,652		36,880
Non-controlling interest share in earnings	(99)			(99)
Income from continuing operations attributable to MPT common stockholders	**$ 13,129**	**$ 23,652**		**$ 36,781**

The accompanying notes are an integral part of these

unaudited pro forma condensed consolidated financial statements.

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Medical Properties Trust, Inc. and subsidiaries

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(A) On January 31, 2012, we entered into definitive agreements to purchase the real estate of and provide mortgage loan financing to Ernest and acquire 49% interest in Ernest Holdings. We plan to finance this transaction with the combination of proceeds from this offering, borrowings under our revolving credit facility and our term loan. The sources and uses of the Ernest Acquisition Transactions are as follows:

Sources:	
Common Stock	$ 229,856
Proceeds from term loan	80,000
Notes offered hereby	200,000
Total sources	$ 509,856
Uses:	
Real estate acquired of Ernest	$ 200,000
Mortgage loan to Ernest	100,000
Acquisition loan to Ernest	93,200
Equity investment in Ernest	3,300
Cash for general corporate purposes	94,162
Estimated legal, accounting, consulting, travel and related expenses	19,194
Total uses	$ 509,856

(B) Equity investment in Ernest assumes our election of the fair value option when accounting for this investment. Changes in the fair value of our investment will be reflected in this line item.

(C) Consists of $80.0 million of borrowings under our new term loan facility and $200.0 million of the proceeds from the notes offered hereby.

(D)	Real estate assets acquired and leased	$ 200,000
	Initial lease rate per master sublease agreement	9%
	Annualized rent billed	$ 18,000
	Rent billed for nine months	$ 13,500

(E) Straight line rent assumes $200 million of real estate assets acquired, leased at an initial 9% rate with minimum annual rent escalations of 2%, and a 20 year term.

(F)

Mortgage loans	$ 100,000
Initial interest rate	9%
Annual interest income from mortgage loans	$ 9,000
Acquisition loan	$ 93,200
Initial interest rate	15%
Annual interest income from acquisition loan	$ 13,980
Total annual interest income	$ 22,980
Total interest income for nine months	$ 17,235

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(G) Depreciation based off the following assumptions:

	Estimated value allocated	Estimated useful life	Estimated depreciation expense	
Land	$ 10,000	Not applicable	$	
Intangibles	20,000	20 years	1,000	
Building	170,000	40 years	4,250	
	$ 200,000		$ 5,250	Annual amount
			$ 3,938	Nine months amount

(H) Excludes acquisition expenses incurred during the period because acquisition assumed to be completed as of the beginning of the year.

(I) Assumes we have elected the fair value option when accounting for our equity interest in Ernest and our initial investment equates to fair value. Changes in the fair value of our investment will be reflected in this line item.

(J) Incremental interest expense estimated as follows:

		Borrowing	Interest rate	Incremental interest expense
New term loan		$ 80,000	2.47%**(1)**	$ (1,978)
Notes offered hereby		200,000	6.375%	(12,750)
Incremental debt issuance cost amortization	new term loan			(199)
Incremental debt issuance cost amortization	revolving credit facility			(176)
Incremental debt issuance cost amortization	Notes offered hereby			(450)
Total annual incremental interest expense				$ (15,553)
Incremental interest expense for nine months				$ (11,664)

(1) Assumes term loan interest using a 2.25% spread plus average LIBOR rate of 0.22%.

(K) Incremental interest expense estimated as follows:

		Borrowing	Interest rate	Incremental interest expense
New term loan		$ 80,000	2.52%**(1)**	$ (2,019)
Notes offered hereby		200,000	6.375%	(12,750)
Incremental debt issuance cost amortization	new term loan			(199)

Incremental debt issuance cost amortization	revolving credit facility		(176)
Incremental debt issuance cost amortization	Notes offered hereby		(450)
Total annual incremental interest expense		$	(15,594)

(1) Assumes term loan interest using a 2.25% spread plus average LIBOR rate of 0.27%.

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Use of proceeds

We expect that the net proceeds from this offering will be $195.5 million after deducting underwriters discounts and our estimated expenses from this offering.

We intend to use the net proceeds from this offering to finance a portion of the Ernest Acquisition Transactions, which we anticipate will be consummated during the first quarter of 2012. Upon the consummation of the offering of the notes and in the event such consummation is not concurrent with the closing of the Ernest Acquisition Transactions, an amount equal to the proceeds from this offering will be placed in an escrow account together with any additional amounts needed to redeem the notes at their aggregate offering price, plus accrued and unpaid interest on the notes from the issue date up to, but not including, the redemption date, as described under Description of notes Special mandatory redemption. If the Ernest Acquisition Transactions are not consummated by May 17, 2012, then we will use the amount in the escrow account to redeem the notes offered hereby at the aggregate offering price plus accrued and unpaid interest up to, but not including, the redemption date.

We intend to fund the remainder of Ernest Acquisition Transactions, including the related costs and expenses, with the net proceeds from the public offering by Medical Properties of 23,575,000 shares of common stock (including 3,075,000 shares to be sold pursuant to the exercise in full of the equity underwriters over-allotment option), which priced for $9.75 per share on February 1, 2012 and borrowings under our new term loan facility.

We plan to use any remaining net proceeds from this offering, Medical Properties offering of 23,575,000 shares of common stock, and from borrowings under our new term loan facility for general corporate purposes, including debt repayment and funding any future acquisitions and investments.

The following table assumes we consummate the Ernest Acquisition Transactions and summarizes the approximate sources and approximate uses of the funds from the Transactions. As amounts payable under the Purchase Agreement related to the Ernest Acquisition Transactions are subject to adjustment, actual amounts at closing of the Ernest Acquisition Transactions may be different. Furthermore, the release of the net proceeds from this offering from escrow is conditioned upon, among other things, the satisfaction or waiver of the conditions precedent to the consummation of the Ernest Acquisition Transactions, but is not conditioned upon the sources of funds we use to finance the Ernest Acquisition Transactions. Accordingly, the actual sources of funds may be different than the approximations if, for instance, Medical Properties offering of common stock does not close or does not close for the amount anticipated.

Sources **(in thousands)**		**Uses**	
Gross proceeds from notes offered hereby	$ 200,000	Financing Ernest Acquisition Transactions	$ 396,500
Gross proceeds from offering of common stock by Medical Properties(1)	229,856	Fees and expenses relating to the Transactions(3)	19,194
Borrowings under the new term loan facility(2)	80,000	General corporate purposes	94,162
Total sources	**$ 509,856**	**Total uses**	**$ 509,856**

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(1) Includes 3,075,000 shares to be sold pursuant to the exercise in full of the underwriters over-allotment option.

(2) The new term loan facility is expected to provide for an $80.0 million term loan. See Description of other material indebtedness Our new and existing credit facilities. We cannot assure you that we will be able to successfully establish the new term loan facility on the terms described herein or at all.

(3) Amount reflects the estimate of fees and expenses associated with the Transactions, including the fee payable to an affiliate of RBC Capital Markets, LLC, a joint book-running underwriter in this offering, with respect to financial advisory services provided in connection with the Ernest Acquisition Transactions, underwriting discounts and commissions for this offering and the offering of Medical Properties common stock, the credit facility arrangement fee as well as legal, accounting and other professional fees related to the Transactions.

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Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2011:

on an actual basis;

on an as adjusted basis giving effect to:
(1) this offering of $200.0 million aggregate principal amount of notes;

(2) the offering and sale of 23,575,000 shares of Medical Properties common stock (including 3,075,000 shares to be sold pursuant to the exercise in full of the equity underwriters over-allotment option), which priced at $9.75 per share on February 1, 2012 and is expected to close on February 7, 2012;

(3) borrowings of $80.0 million under our new term loan facility; and

(4) application of the net proceeds from this offering, after deducting the underwriting discount and our estimated offering expenses, and the offering of common stock by Medical Properties, after deducting the underwriting discount and commissions and our estimated offering expenses, and borrowings under our new term loan facility to finance the Ernest Acquisition Transactions, and the fees, costs and expenses related thereto and for general corporate purposes as described in Use of proceeds.

As amounts payable under the Purchase Agreement related to the Ernest Acquisition Transactions are subject to adjustment, actual amounts at closing of the Ernest Acquisition Transactions may be different. Furthermore, the release of the net proceeds from this offering from escrow is conditioned upon, among other things, the satisfaction or waiver of the conditions precedent to the consummation of the Ernest Acquisition Transactions, but is not conditioned upon the sources of funds we use to finance the Ernest Acquisition Transactions. Accordingly, the actual sources of funds may be different than the approximations if, for instance, Medical Properties offering of common stock does not close or does not close for the amount anticipated. Accordingly, the actual amounts may differ materially from those shown below in the As adjusted column.

	As of September 30, 2011	
(amounts in thousands)	**Actual**	**As adjusted(1)**
Cash and cash equivalents	$ 114,368	$ 208,530
Indebtedness:		
Revolving credit facility(2)	$	$
New term loan facility(3)		80,000
MPT of North Cypress, L.P. revolving credit facility(4)	39,600	39,600
Notes offered hereby		200,000
6.875% senior notes due 2021(5)	450,000	450,000
6.125% exchangeable senior notes due 2011 (net of $23 in discounts)(6)	9,152	9,152
9.25% exchangeable senior notes due 2013 (net of $225 in discounts)(5)	10,775	10,775
Senior unsecured notes due 2016(7)	125,000	125,000
Northland mortgage loan(8)	14,486	14,486
Total long-term debt	$ 649,013	$ 929,013
Equity (including non-controlling interest)	837,664	1,054,326
Total capitalization	**$ 1,486,677**	**$ 1,983,339**

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(1) Reflects 3,075,000 shares to be sold pursuant to the exercise in full of the underwriters over-allotment option in connection with the offering of Medical Properties common stock, which priced at $ 9.75 per share on February 1, 2012 and is expected to close on February 7, 2012.

(2) On April 26, 2011, we entered into the revolving credit facility, which provides for a $330.0 million revolving credit facility. We expect to exercise the accordion feature under our revolving credit facility in an amount of $70.0 million. See Description of other material indebtedness New and existing credit facilities Revolving credit facility.

(3) Our new term loan facility is expected to provide for an $80.0 million term loan. We expect to enter into the agreement governing our new term loan facility concurrently with the closing of the Ernest Acquisition Transactions. See Prospectus summary Recent developments Financing transactions Credit facilities. We cannot assure you that we will be able to successfully establish our new term loan facility on the terms described herein or at all.

(4) One of our subsidiaries, MPT of North Cypress, L.P., a Delaware limited partnership, is the borrower under a $42.0 million revolving credit facility that matures in 2012. As of September 30, 2011, we had $39.6 million outstanding under the MPT of North Cypress, L.P. revolving credit facility.

(5) See Description of other material indebtedness for a description of our outstanding notes.

(6) The principal amount of the 6.125% Exchangeable Senior Notes due 2011 became due and was paid on November 15, 2011. See Prospectus summary Recent developments 2011 fourth quarter events Maturity of 6.125% exchangeable senior notes due 2011.

(7) At September 30, 2011, $65.0 million of our senior notes were fixed at a rate of 5.507% pursuant to our interest rate swap in effect at that time, while $60.0 million of our senior notes were fixed at a blended rate of 7.52%.

(8) In connection with our acquisition of the Northland LTACH Hospital on February 14, 2011, we assumed a $16.1 million mortgage that matures in January 2018.

You should read the above table in conjunction with the section entitled Unaudited pro forma condensed consolidated financial statements included herein and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations included in the Medical Properties Annual Report on Form 10-K for the year ended December 31, 2010, as amended, and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, and Medical Properties consolidated financial statements, related notes and other financial information that we have included and incorporated by reference into this prospectus and the consolidated financial statements and related notes of Ernest, which are incorporated into this prospectus by reference to Medical Properties Current Report on Form 8-K filed with the SEC on January 31, 2012.

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Combined ratio of earnings to fixed charges

The following table sets forth our combined ratio of earnings to fixed charges:

			Years ended December 31,			Nine months ended September 30,
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Combined ratio of earnings to fixed charges	1.97x	1.72x	1.44x	1.90x	1.33x	1.28x

Our combined ratios of earnings to fixed charges are computed by dividing earnings by fixed charges. Earnings is the amount resulting from adding together income (loss) from continuing operations, fixed charges, and amortization of capitalized interest and subtracting interest capitalized. Fixed charges is the amount resulting from adding together interest expensed and capitalized; amortized premiums, discounts and capitalized expenses related to indebtedness; and the interest portion of rent.

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Description of other material indebtedness

Our new and existing credit facilities

New term loan facility

On January 25, 2012, we received a commitment letter and term sheet for an $80.0 million senior unsecured term loan facility, which we refer to as our new term loan facility, from JPMorgan Chase Bank, N.A., an affiliate of one of the joint book-running underwriters in this offering, and RBC Capital Markets, LLC, a joint book-running underwriter in this offering. The term sheet provides for customary financial and operating covenants, substantially consistent with our revolving credit facility, including covenants relating to total leverage ratio, fixed charge coverage ratio, mortgage secured leverage ratio, recourse mortgage secured indebtedness, consolidated adjusted net worth, unsecured leverage ratio and interest covera