MEDICAL PROPERTIES TRUST INC
Form 424B2
August 06, 2015
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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-186812

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
Common Stock, par value $0.001 per share	28,750,000	$12.25	$352,187,500	$40,924.19

(1) The filing fee of $40,924.19 is calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended, and reflects the potential additional issuance of shares of common stock, $0.001 par value per share, pursuant to underwriters option to purchase additional shares. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the registrant s Registration Statement on Form S-3 (File No. 333-186812).

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PROSPECTUS SUPPLEMENT

(To prospectus dated February 22, 2013)

25,000,000 Shares

Common Stock

We are selling 25,000,000 shares of our common stock.

Our shares trade on the New York Stock Exchange under the symbol MPW. On August 5, 2015, the last sale price of the shares as reported on the New York Stock Exchange was $12.65 per share. To ensure that we maintain our qualification as a real estate investment trust, our charter limits ownership by any person to 9.8% of the lesser of the number or value of our outstanding common shares, with certain exceptions.

Investing in our common stock involves risks. See the risk factors set forth under the heading Risk Factors beginning on page S-16 of this prospectus supplement and beginning on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2014.

	Per Share	Total
Public offering price	$ 12.25	$ 306,250,000
Underwriting discount	$ 0.49	$ 12,250,000
Proceeds, before expenses, to us	$ 11.76	$ 294,000,000

We have granted the underwriters an option to purchase up to an additional 3,750,000 shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus supplement.

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.

The shares will be ready for delivery on or about August 11, 2015 through the book-entry facilities of The Depository Trust Company.

Bookrunning Managers

Goldman, Sachs & Co. **J.P. Morgan**

BofA Merrill Lynch **Barclays** **Credit Agricole CIB** **Credit Suisse** **KeyBanc Capital Markets**

Co-Lead Managers

BBVA **RBC Capital Markets** **Stifel** **SunTrust Robinson Humphrey** **Wells Fargo Securities**

The date of this prospectus supplement is August 5, 2015.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this entire document, including this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference. In the event that the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (SEC) using a shelf registration statement. Under the shelf registration process, from time to time, we may offer and sell securities in one or more offering from time to time.

This prospectus supplement and the accompanying prospectus contain, or incorporate by reference, forward-looking statements. Such forward-looking statements should be considered together with the cautionary statements and important factors included or referred to in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference. Please see Cautionary Language Regarding Forward-Looking Statements in this prospectus supplement and A Warning About Forward-Looking Statements in the accompanying prospectus.

Unless otherwise stated in this prospectus supplement, we have assumed throughout this prospectus supplement that the underwriters option to purchase additional shares from us is not exercised.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying 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 supplement, the accompanying prospectus and any such free writing prospectus. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement, the accompanying prospectus and any authorized free writing prospectus are not an offer to sell or the solicitation of an offer to buy any securities other than the registered shares to which they relate, nor is this prospectus supplement, the accompanying prospectus or any authorized free writing prospectus an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying 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.

In this prospectus supplement, the terms MPT, MPW, Medical Properties, we, Company, us, our and our refer to Medical Properties Trust, Inc. and its subsidiaries, unless otherwise expressly stated or the context otherwise requires.

In this prospectus supplement, references to *euro* or means the lawful single currency of participating member states of the European Economic and Monetary Union as contemplated by the Treaty Establishing the European Union. Unless noted otherwise, all translations between euros and U.S. dollars (USD) in this prospectus supplement are based on an exchange rate of 1.33 USD per euro for pro forma operating data for the year ended December 31, 2014 and 1.13 USD per euro for pro forma operating data for the three months ended March 31, 2015. Pro forma balance sheet data as of March 31, 2015 is based on an exchange rate of 1.07 USD per euro. The applicable exchange rates in effect at the time additional euro-denominated transactions are completed in the future may be higher or lower.

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CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus supplement and the accompanying 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 and finance the Capella Transactions (as defined in Prospectus Supplement Summary Recent Developments) on the time schedule or terms described herein or at all;
- our ability to acquire or develop additional facilities in the United States or Europe;
- 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 raise additional funds through offerings of debt and equity securities and/or property disposals;
- our ability to obtain future financing arrangements;
- estimates relating to, and our ability to pay, future distributions;
- our ability to compete in the marketplace;
- lease rates and interest rates;
- market trends;

- 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 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 our common stock, along with, among others, the following factors that could cause actual results to vary from our forward-looking statements:

- factors referenced herein under the section captioned Risk Factors, including those set forth in our Annual Report on Form 10-K for the year ended December 31, 2014 which is incorporated herein by reference;
- the risk that a condition to closing under the agreements governing the Capella Transactions may not be satisfied;
- the possibility that the anticipated benefits from the Capella Transactions will take longer to realize than expected or will not be realized at all;

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- U.S. (both national and local) and European (in particular Germany, the U.K., Spain and Italy) economic, business, real estate, and other market conditions;
- the competitive environment in which we operate;
- the execution of our business plan;
- financing risks;
- acquisition and development risks;
- potential environmental contingencies and other liabilities;
- other factors affecting the real estate industry generally or the healthcare real estate industry in particular;
- our ability to maintain our status as a real estate investment trust (REIT) for U.S. federal and state income tax purposes;
- our ability to attract and retain qualified personnel;
- changes in foreign currency exchange rates;
- U.S. (both federal and state) and European (in particular Germany, the U.K., Spain and Italy) healthcare and other regulatory requirements; and
- U.S. national and local economic conditions, as well as conditions in Europe and any other foreign jurisdictions where we own or will own healthcare facilities, which may have a negative effect on the following, among other things:
  - the financial condition of our tenants, our lenders, counterparties to our interest rate swaps and other hedged transactions and institutions that hold our cash balances, which may expose us to increased risks of default by these parties;
  - our ability to obtain equity or debt financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities, refinance existing debt

and our future interest expense; and

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

When we use the words believe, expect, may, potential, anticipate, estimate, plan, will, could, inte
expressions, we are identifying 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 supplement, the accompanying prospectus or any free writing prospectus we authorize to be delivered to you to reflect future events or developments.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying 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 supplement and accompanying prospectus, including the Risk Factors, the financial data and other information incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.

Our Company

We are a self-advised REIT listed on the New York Stock Exchange (NYSE) focused on investing in and owning net-leased healthcare facilities across the United States and selectively in foreign jurisdictions. We acquire and develop healthcare facilities and lease the facilities to healthcare operating companies under long-term net leases, which require the tenant to bear most of the costs associated with the property. We also make mortgage loans to healthcare operators collateralized by their real estate assets. In addition, we selectively make loans to certain of our operators through our taxable REIT subsidiaries, the proceeds of which are typically used for acquisition and working capital purposes. Finally, from time to time, we acquire a profits or other equity interest in our tenants that gives us a right to share in these tenants profits and losses.

As of August 1, 2015, our portfolio consisted of 180 properties leased or loaned to 28 operators, of which 11 properties are under development and eight are in the form of mortgage loans. Sixteen of the properties we own are subject to long-term ground leases. Our properties, which are located in the United States and Europe, consist of the following:

- 80 general acute care hospitals;
- 23 long-term acute care hospitals;
- 68 impatient rehabilitation hospitals;
- 3 medical office buildings; and
- 6 wellness centers.

We conduct substantially all of our business through our operating partnership, MPT Operating Partnership, L.P. We have operated as a REIT since April 6, 2004, and elected REIT status upon the filing of our federal income tax return for our taxable year that ended on December 31, 2004.

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 supplement or the accompanying 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 of Certain Information by

Reference in the prospectus accompanying this prospectus supplement.

Recent Developments

Preliminary Results for the Second Quarter Ended June 30, 2015

On August 4, 2015, we announced our preliminary financial results for the second quarter ended June 30, 2015. We reported total revenues for the three months ended June 30, 2015 of $99.8 million, an increase of 30% compared to total revenues of $76.6 million in the second quarter of 2014. Normalized FFO for the three months ended June 30, 2015 increased 41% to $62.9 million, compared with $44.5 million in the second quarter

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of 2014. Per share Normalized FFO increased 15% to $0.30 per diluted share in the second quarter of 2015, compared with $0.26 per diluted share in the second quarter of 2014. Net income for the three months ended June 30, 2015 was $22.4 million (or $0.11 per diluted share), compared with $(0.2) million loss (or $ per diluted share) for the second quarter of 2014.

For the six months ended June 30, 2015, we reported total revenues of $195.8 million, an increase of 31% compared to total revenues of $149.6 million for the same period in 2014. Normalized FFO for the six months ended June 30, 2015 increased 37% to $119.8 million, compared with $87.2 million for the same period in 2014. Per share Normalized FFO increased 12% to $0.58 per diluted share for the six months ended June 30, 2015, compared with $0.52 per diluted share for the same period in 2014. Net income for the six months ended June 30, 2015 was $58.3 million (or $0.28 per diluted share), compared with $7.0 million (or $0.04 per diluted share) for same period in 2014.

We have not yet completed the preparation of our financial statements for the quarter ended June 30, 2015 and these financial statements have not been reviewed by our independent auditor. The results presented above are preliminary estimates and are not final until the filing of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 and, therefore, remain subject to adjustment.

The following table presents a reconciliation of net income attributable to MPT common stockholders to FFO and normalized FFO, including per share data, for the three and six month periods ending June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands, except per share data	**2015**	**2014**	**2015**	**2014**
FFO information:				
Net income (loss) attributable to MPT common stockholders	$ 22,407	$ (203)	$ 58,304	$ 7,038
Participating securities share in earnings	(250)	(195)	(516)	(404)
Net income (loss), less participating securities share in earnings	$ 22,157	$ (398)	$ 57,788	$ 6,634
Depreciation and amortization	14,956	12,442	29,712	26,131
Real estate impairment charge		5,974		5,974
Funds from operations	$ 37,113	$ 18,018	$ 87,500	$ 38,739
Write-off of straight line rent				950
Unutilized financing fees/debt refinancing costs		291	238	291
Impairment charges		23,657		44,154
Acquisition costs	25,809	2,535	32,048	3,047
Normalized funds from operations	$ 62,922	$ 44,501	$ 119,786	$ 87,181
Per diluted share data:				
Net income (loss), less participating securities share in earnings	$ 0.11	$	$ 0.28	$ 0.04
Depreciation and amortization	0.07	0.07	0.14	0.16
Real estate impairment charge		0.03		0.03

Funds from operations	$	0.18	$	0.10	$	0.42	$	0.23
Write-off of straight line rent								0.01
Unutilized financing fees/debt refinancing costs								
Impairment charges				0.14				0.26
Acquisition costs		0.12		0.02		0.16		0.02
Normalized funds from operations	$	0.30	$	0.26	$	0.58	$	0.52

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

In addition to presenting FFO in accordance with the NAREIT definition, we also disclose normalized FFO, which adjusts FFO for items that relate to unanticipated or non-core events or activities or accounting changes that, if not noted, would make comparison to prior period results and market expectations less meaningful to investors and analysts. We believe that the use of FFO, combined with the required GAAP presentations, improves the understanding of our operating results among investors and the use of normalized FFO makes comparisons of our operating results with prior periods and other companies more meaningful. While FFO and normalized FFO are relevant and widely used supplemental measures of operating and financial performance of REITs, they should not be viewed as a substitute measure of our operating performance since the measures do not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, which can be significant economic costs that could materially impact our results of operations. FFO and normalized FFO should not be considered an alternative to net income (loss) (computed in accordance with GAAP) as indicators of our financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of our liquidity.

Acquisition of Capella Healthcare Hospital Portfolio

In July 2015, we entered into definitive agreements pursuant to which we will acquire a portfolio of seven acute care hospitals currently owned and operated by Capella Healthcare, Inc. (Capella), a privately held company, as well as acquire an equity interest in the ongoing operator of the facilities. The table below sets forth pertinent details with respect to the hospitals in the portfolio:

Hospital	**Location**	**Type**	**Licensed Beds**
Capital Medical Center(1)	Olympia, WA	Acute care	110
EASTAR Health System	Muskogee, OK	Acute care	320
Carolina Pines Regional Medical Center(2)	Hartsville, SC	Acute care	116
St. Mary s Regional Medical Center	Russellville, AR	Acute care	170
National Park Medical Center(3)	Hot Springs, AR	Acute care	166
Southwestern Medical Center	Lawton, OK	Acute care	199
Willamette Valley Medical Center	McMinnville, OR	Acute care	88
Total Licensed Beds			1,169

(1)

This hospital is owned and operated in a joint venture with physicians in which Capella owns 90.25% and physicians or physician entities own the remaining 9.75%.

(2) This hospital is owned and operated in a joint venture with physicians in which Capella owns 98.56% and physicians or physician entities own the remaining 1.44%.

(3) This hospital is owned and operated in a joint venture with physicians in which Capella owns 95.04% and physicians or physician entities own the remaining 4.96%.

As described in further detail below, our investment in the portfolio will include our acquisition of real estate assets, the making of mortgage and acquisition loans, and an equity contribution to the operator of the facilities, for a combined purchase price and investment of approximately $900 million. We expect to complete this transaction in the second half of 2015.

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Merger, acquisition loan and equity contribution

In conjunction with the acquisition, MPT Camaro Opco, LLC, a wholly-owned subsidiary of MPT Development Services, Inc., our taxable REIT subsidiary, formed a joint venture limited liability company, Capella Health Holdings, LLC (Capella Health Holdings), with an entity affiliated with the current senior management of Capella (ManageCo). MPT Camaro Opco, LLC holds 49% of the equity interests in Capella Health Holdings and the ManageCo holds the remaining 51%. Pursuant to the terms of a merger agreement dated July 21, 2015, a merger subsidiary of Capella Health Holdings will be merged with and into Capella Holdings, Inc., the sole stockholder and parent company of Capella, with Capella Holdings, Inc. surviving the merger as a wholly-owned subsidiary of Capella Health Holdings, in exchange for cash merger consideration to the current owners of Capella in the amount of approximately $900 million. To help fund Capella Health Holding s payment of the merger consideration, MPT Camaro Opco, LLC will make an acquisition loan in the amount of approximately $900 million to Capella Health Holdings merger subsidiary (the Acquisition Loan). The Acquisition Loan will have a 15-year term and will bear interest at a rate similar to the initial rate we will receive under the sale-leaseback and mortgage loan transaction described below.

Real estate acquisition and mortgage loan financing

On August 3, 2015, we also entered into a contribution, exchange and cooperation agreement with ManageCo (the Contribution Agreement). Pursuant to binding terms set forth in the Contribution Agreement, as soon as practicable after closing of the Capella merger described above, including receipt of required regulatory approvals, subsidiaries of our operating partnership will acquire from Capella its interests in five acute care hospitals (collectively, the Acquired Capella Facilities) for an aggregate purchase price of approximately $390 million. The purchase price for these assets will be offset and reduced against amounts outstanding under the Acquisition Loan. The Acquired Capella Facilities will be leased to subsidiaries of Capella.

In addition, pursuant to binding terms set forth in the Contribution Agreement, we will make mortgage loans to Capella in an aggregate amount of approximately $210 million, secured by a first mortgage in Capella s interests in its two remaining hospitals. The proceeds from the mortgage loans will be offset and reduced against the outstanding balance on the Acquisition Loan. As a result, following completion of our acquisition of the Acquired Capella Facilities and the mortgage loan financing, the outstanding principal balance of the Acquisition Loan is expected to be approximately $300 million.

The real estate leases and mortgage loans will have substantially similar 15-year terms with four 5-year extension options, plus consumer price-indexed increases, limited to a 2% floor and 4% ceiling annually. The initial GAAP yield under the lease and mortgage loans will be approximately 9.1%.

Management of Capella

Following the consummation of these transactions, Capella 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 Camaro Opco, LLC will share profits and distributions from Capella 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 Camaro Opco, LLC will share in cash generated by Capella Health Holdings in a ratio of 35% to ManageCo and 65% to MPT Camaro Opco, LLC. Under the limited liability company agreement of Capella Health Holdings, ManageCo will manage Capella Health Holdings and MPT Camaro Opco, LLC will have no management authority or control except for certain protective rights consistent with a passive ownership interest, such as a limited right to approve annual budgets and the right to approve extraordinary transactions, other than in the case of certain extraordinary events.

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In this prospectus supplement, we collectively refer to all the transactions described above with respect to Capella as the Capella Transactions. We intend to consummate the Capella Transactions during the second half of 2015. No assurance can be given that any portion of the Capella Transactions will occur as described herein or at all. This offering is not conditioned upon the successful completion of the Capella Transactions.

Financing transactions

We intend to finance the Capella Transactions, including the related costs and expenses, with the net proceeds of this offering together with funds from additional financing arrangements, which may include borrowings under our revolving credit facility, borrowings or net proceeds from other senior debt facilities or issuances, or a combination thereof. The sources of financing for the Capella Transactions will depend upon a variety of factors, including market conditions and we anticipate that the Capella Transactions will be funded in a manner consistent with our long-term leverage targets. See Use of Proceeds for more information regarding the financing of the Capella Transactions. See also Risk Factors We intend to incur additional debt in order to consummate the Capella Transactions, which may have a material adverse effect on our financial condition and results of operations, and our ability to make distributions to our stockholders.

On July 27, 2015, we received a commitment to provide a senior unsecured bridge loan facility in the original principal amount of $1.0 billion to fund the Capella Transactions, if necessary, pursuant to a commitment letter from JPMorgan Chase Bank, N.A. and Goldman, Sachs & Co. Borrowings under the bridge facility, if any, will bear interest at a rate equal to, at our option, LIBOR plus an applicable margin varying from 1.025% to 2.250% per annum or a Base Rate (as defined in the commitment letter) plus an applicable margin varying from 0.025% to 1.250% per annum, depending upon the ratings of our unsecured senior indebtedness and the total leverage ratio or unsecured leverage ratio. In each case, the applicable margin will increase by 25 basis points at the end of the 90-day period while the bridge loan remains outstanding, 180-day period while the bridge loan remains outstanding and 270-day period while the bridge loan remains outstanding. We will also be required to pay 50 basis points (or 75 basis points in the event of a ratings downgrade) on the date that is 90 days after the bridge loan is outstanding, 75 basis points (or 100 basis points in the event of a ratings downgrade) on the date that is 180 days after the bridge loan is outstanding and 100 basis points (or 125 basis points in the event of a ratings downgrade) on the date that is 270 days after the bridge loan is outstanding, in each case on the then outstanding principal amount, if any bridge loan is outstanding. We will pay certain customary structuring and underwriting fees and, in the event we make any borrowings, funding and other fees in connection with the bridge facility. The bridge facility will mature 364 days after the closing date of the Capella Transactions. The funding of the bridge facility is contingent on the satisfaction of customary conditions, including but not limited to the execution and delivery of definitive documentation and the consummation of the Capella Transactions as described above. We cannot assure you that we will be able to successfully borrow under the bridge facility on the terms described herein or at all.

On August 4, 2015, we entered into an amendment to our revolving credit and term loan agreement to increase the current aggregate committed size to $1.25 billion and amend certain covenants in order to permit us to consummate and finance the Capella Transactions. The increase in the credit agreement availability reduces the availability of the bridge facility by $100 million.

The completion of this offering is not subject to our borrowing under the bridge facility, our revolving credit facility or any other potential sources of financing or consummation of the Capella Transactions. No assurance can be given that any of these will occur as described herein or at all. To the extent the Capella Transactions are not consummated, we intend to use the net proceeds from this offering for general corporate purposes, including debt repayment and funding future acquisitions and investments.

Acquisition of Median Kliniken Portfolio

On April 29, 2015, we entered into a series of definitive agreements with Median Kliniken S.à r.l., or MEDIAN, a German provider of post-acute and acute rehabilitation services, to acquire the real estate assets of

32 hospitals owned by MEDIAN for an aggregate purchase price of approximately 688 million. Upon acquisition, each property became subject to a master lease between us and MEDIAN providing for the leaseback of the property to MEDIAN. The master lease has an initial term of 27 years and provides for an initial GAAP lease rate of 9.3%, with annual escalators at the greater of one percent or 70% of the German consumer price index. We expect to acquire three additional facilities from MEDIAN in a substantially similar sale-leaseback transaction subject to the master lease, resulting in an aggregate purchase price for all acquired facilities of approximately 705 million.

MEDIAN is owned by an affiliate of Waterland Private Equity Fund V C.V. (Waterland), which acquired 94.9% of the outstanding equity interests in MEDIAN, and by a subsidiary of our operating partnership, which acquired the remaining 5.1% of the outstanding equity interests in MEDIAN, each in December 2014. In December 2014, we provided interim acquisition loans to affiliates of Waterland and MEDIAN in connection with Waterland s acquisition of its stake in MEDIAN in an aggregate amount of approximately 425 million. In addition, we made further loans to MEDIAN during the first half of 2015 in an aggregate amount of approximately 240 million, which were used by MEDIAN to repay existing debt on properties we have acquired or expect to acquire. We may make additional loans to MEDIAN for the purpose of repaying existing property debt, up to a total aggregate amount of all loans to Waterland and MEDIAN in the amount of approximately 705 million.

Closing of the sale-leaseback transactions, which began in the second quarter of 2015, is subject to customary real estate, regulatory and other closing conditions, including waiver of any statutory pre-emption rights by local municipalities and antitrust clearance. At each closing, the purchase price for each facility will be reduced and offset against the interim loans made to affiliates of Waterland and MEDIAN as described above and against the amount of any debt assumed or repaid by us in connection with the closing. As of August 1, 2015, we have closed on 30 of the 35 properties (including the three additional facilities) for a cumulative purchase price to date of approximately 627 million.

In this prospectus supplement, we refer to our acquisition of the MEDIAN properties in the sale-leaseback transactions described above as the MEDIAN Transactions. This offering is not conditioned upon the successful closing of the MEDIAN Transactions, in whole or in part.

Acquisition of Italian Hospital Portfolio

On July 31, 2015, we entered into definitive agreements to acquire a portfolio of several acute care hospitals and a freestanding clinic in Northern Italy for an aggregate purchase price to us of approximately 90 million. The acquisition will be effected through a newly-formed joint venture between us and affiliates of AXA Real Estate, in which we will own a 50% interest. Upon closing, the facilities will be leased to an Italian acute care hospital operator pursuant to a long term master lease. Closing of the transaction, which is expected during the second half of 2015, is subject to customary real estate, regulatory and other closing conditions.

Other Acquisitions

On June 16, 2015, we acquired the real estate of two facilities in Lubbock, Texas, a 60-bed inpatient rehabilitation hospital and a 37-bed long term acute care hospital, for an aggregate purchase price of $31.5 million. We entered into a 20-year lease with Ernest Health, Inc. (Ernest) for the rehabilitation hospital, which provides for three five-year extension options, and separately entered into a lease with Ernest for the long-term acute care hospital that has a final term ending December 31, 2034. In connection with the transaction, we funded an acquisition loan to Ernest of approximately $12.0 million. Ernest will operate the rehabilitation hospital in a joint venture with Covenant Health System, while the long term acute care hospital will continue to be operated by Fundamental Health under a new sublease with Ernest. We funded the acquisition of these facilities and the acquisition loan to Ernest with borrowings under our revolving credit facility of $40.0 million, with the remainder funded from cash on hand.

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On February 13, 2015, we acquired two general acute care hospitals in the Kansas City area for $110 million. The facilities are leased to affiliates of Prime Healthcare Services, Inc. (Prime) pursuant to a new master lease providing for a 10-year initial fixed term, with two extension options of five years each. The master lease provides for consumer-price-indexed annual rent increases, subject to a specified floor. In addition we funded a mortgage loan to Prime in the amount of $40 million, which has a 10-year term.

On February 27, 2015, we acquired an inpatient rehabilitation hospital in Weslaco, Texas for $10.7 million that we leased to Ernest under our existing master lease with Ernest. In addition, we funded an acquisition loan to Ernest in the amount of $5 million.

During the first half of 2015, we completed construction and commenced collection of rent on seven acute care facilities for First Choice ER (a subsidiary of Adeptus Health (Adeptus)) located in Texas, Arizona and Colorado.

In this prospectus supplement, we collectively refer to the transactions described under the headings Acquisition of Italian Hospital Portfolio and Other Acquisitions above as the Additional Acquisitions.

Dispositions

On July 30, 2015, we sold a long-term acute care facility in Luling, Texas for approximately $9.7 million. In addition, we have executed definitive agreements to sell six other facilities located in the United States for total proceeds of approximately $9.5 million. In this prospectus supplement, we collectively refer to the dispositions described above as the Dispositions.

We collectively refer to the Capella Transactions, MEDIAN Transactions, Additional Acquisitions and Dispositions as the Recent Portfolio Transactions.

Development Activity

Spanish Development Property

On June 16, 2015, we entered into definitive agreements to acquire the real estate of a general acute care hospital under development located in Spain for an aggregate purchase and development price to us of approximately 21.4 million. The acquisition will be effected through a newly-formed joint venture between us and clients of AXA Real Estate, in which we will own a 50% interest. Upon completion, the facility will be leased to a Spanish operator of acute care hospitals pursuant to a long term lease. Closing of the transaction, which is expected during the second half of 2015, is subject to customary real estate, regulatory and other closing conditions.

Adeptus Health Development Agreement

In April 2015, we executed an agreement with Adeptus that provides for the acquisition and development of general acute care hospitals and free standing emergency facilities with an aggregate commitment of $250 million. These facilities will be leased to Adeptus pursuant to the terms of our existing 2014 master lease agreement with Adeptus that has a 15-year initial term with three extension options of five years each that provides for annual rent increases based on changes in the consumer price index with a 2% minimum.

In this prospectus supplement, we collectively refer to the Spain development transaction and our development agreement with Adeptus as the Development Activities.

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Benefits of Transactions

Enhances Size, Quality and Diversity of our Portfolio. As described in more detail below, we believe that the Recent Portfolio Transactions and Development Activities described above will enhance the size and quality of our healthcare portfolio and add diversity by property type, operator and geographic location: