

MEDICAL PROPERTIES TRUST INC

Form 10-Q

August 09, 2013

[Table of Contents](#)

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

FORM 10-Q

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

For the quarterly period ended June 30, 2013

OR

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

For the transition period from to

Commission file number 001-32559

MEDICAL PROPERTIES TRUST, INC.
MPT OPERATING PARTNERSHIP, L.P.

Edgar Filing: MEDICAL PROPERTIES TRUST INC - Form 10-Q

(Exact Name of Registrant as Specified in Its Charter)

MARYLAND

20-0191742

DELAWARE

20-0242069

(State or other jurisdiction of

(I. R. S. Employer

incorporation or organization)

Identification No.)

1000 URBAN CENTER DRIVE, SUITE 501

BIRMINGHAM, AL

35242

(Address of principal executive offices)

(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☒ (Medical Properties Trust, Inc. only)

Accelerated filer

☐

Non-accelerated filer ☒ (MPT Operating Partnership, L.P. only)

Smaller reporting company

(Do not check if a smaller reporting company)

☐

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

As of August 8, 2013, Medical Properties Trust, Inc. had 150,071,911 shares of common stock, par value \$0.001, outstanding.

EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the three and six months ended June 30, 2013 of Medical Properties Trust, Inc., a Maryland corporation, and MPT Operating Partnership, L.P., a Delaware limited partnership, through which Medical Properties Trust, Inc. conducts substantially all of its operations. Unless otherwise indicated or unless the context requires otherwise, all references in this report to we, us, our, our company, Medical Properties, MPT, or the company refer to Medical Properties Trust, Inc. together with its consolidated subsidiaries, including MPT Operating Partnership, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to our operating partnership or the operating partnership refer to MPT Operating Partnership, L.P. together with its consolidated subsidiaries.

Table of Contents

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

AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED June 30, 2013

Table of Contents

| | |
|--|-------------|
| <u>PART I FINANCIAL INFORMATION</u> | Page |
| <u>Item 1 Financial Statements</u> | 3 |
| Medical Properties Trust, Inc. and Subsidiaries | 3 |
| <u>Condensed Consolidated Balance Sheets at June 30, 2013 and December 31, 2012</u> | 3 |
| <u>Condensed Consolidated Statements of Income for the Three Months and Six Months Ended June 30, 2013 and 2012</u> | 4 |
| <u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three Months and Six Months Ended June 30, 2013 and 2012</u> | 5 |
| <u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2013 and 2012</u> | 6 |
| MPT Operating Partnership, L.P. and Subsidiaries | |
| <u>Condensed Consolidated Balance Sheets at June 30, 2013 and December 31, 2012</u> | 7 |
| <u>Condensed Consolidated Statements of Income for the Three Months and Six Months Ended June 30, 2013 and 2012</u> | 8 |
| <u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three Months and Six Months Ended June 30, 2013 and 2012</u> | 9 |
| <u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2013 and 2012</u> | 10 |
| Medical Properties Trust, Inc. and MPT Operating Partnership, L.P. | |
| <u>Notes to Condensed Consolidated Financial Statements</u> | 11 |
| <u>Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 31 |
| <u>Item 3 Quantitative and Qualitative Disclosures about Market Risk</u> | 39 |
| <u>Item 4 Controls and Procedures</u> | 40 |
| <u>PART II OTHER INFORMATION</u> | 40 |
| <u>Item 1 Legal Proceedings</u> | 40 |
| <u>Item 1A Risk Factors</u> | 40 |
| <u>Item 2 Unregistered Sales of Equity Securities and Use of Proceeds</u> | 41 |
| <u>Item 3 Defaults Upon Senior Securities</u> | 41 |
| <u>Item 4 Mine Safety Disclosures</u> | 41 |
| <u>Item 5 Other Information</u> | 42 |
| <u>Item 6 Exhibits</u> | 43 |
| <u>SIGNATURE</u> | 43 |
| <u>INDEX TO EXHIBITS</u> | 44 |

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES**

Condensed Consolidated Balance Sheets

| | June 30, 2013 (Unaudited) | December 31, 2012 (Note 2) |
|--|---------------------------------|----------------------------------|
| (In thousands, except per share amounts) | | |
| Assets | | |
| Real estate assets | | |
| Land, buildings and improvements, and intangible lease assets | \$ 1,295,229 | \$ 1,262,099 |
| Real estate held for sale | | 16,497 |
| Mortgage loans | 368,650 | 368,650 |
| Net investment in direct financing leases | 391,904 | 314,412 |
| Gross investment in real estate assets | 2,055,783 | 1,961,658 |
| Accumulated depreciation and amortization | (141,877) | (124,615) |
| Net investment in real estate assets | 1,913,906 | 1,837,043 |
| Cash and cash equivalents | 26,072 | 37,311 |
| Interest and rent receivable | 54,231 | 45,289 |
| Straight-line rent receivable | 41,347 | 35,860 |
| Other loans | 157,251 | 159,243 |
| Other assets | 61,669 | 64,140 |
| Total Assets | \$ 2,254,476 | \$ 2,178,886 |
| Liabilities and Equity | | |
| Liabilities | | |
| Debt, net | \$ 929,074 | \$ 1,025,160 |
| Accounts payable and accrued expenses | 58,694 | 65,961 |
| Deferred revenue | 25,413 | 20,609 |
| Lease deposits and other obligations to tenants | 18,455 | 17,342 |
| Total liabilities | 1,031,636 | 1,129,072 |
| Equity | | |
| Preferred stock, \$0.001 par value. Authorized 10,000 shares; no shares outstanding | | |
| Common stock, \$0.001 par value. Authorized 250,000 shares; issued and outstanding 149,314 shares at June 30, 2013 and 136,335 shares at December 31, 2012 | 149 | 136 |
| Additional paid in capital | 1,472,961 | 1,295,916 |
| Distributions in excess of net income | (240,132) | (233,494) |
| Accumulated other comprehensive loss | (9,876) | (12,482) |
| Treasury shares, at cost | (262) | (262) |
| Total Equity | 1,222,840 | 1,049,814 |
| Total Liabilities and Equity | \$ 2,254,476 | \$ 2,178,886 |

See accompanying notes to condensed consolidated financial statements.

Table of Contents**MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES**

Condensed Consolidated Statements of Income

(Unaudited)

| (In thousands, except per share amounts) | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|--|------------------|--------------------------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | |
| Rent billed | \$ 31,359 | \$ 30,696 | \$ 63,196 | \$ 60,383 |
| Straight-line rent | 2,746 | 1,324 | 5,407 | 2,683 |
| Income from direct financing leases | 9,230 | 5,371 | 17,986 | 7,206 |
| Interest and fee income | 14,138 | 11,527 | 28,855 | 19,449 |
| Total revenues | 57,473 | 48,918 | 115,444 | 89,721 |
| Expenses | | | | |
| Real estate depreciation and amortization | 8,718 | 8,337 | 17,262 | 16,518 |
| Property-related | 649 | 586 | 1,062 | 813 |
| General and administrative | 7,225 | 6,697 | 15,044 | 14,289 |
| Acquisition expenses | 2,088 | 279 | 2,278 | 3,704 |
| Total operating expenses | 18,680 | 15,899 | 35,646 | 35,324 |
| Operating income | 38,793 | 33,019 | 79,798 | 54,397 |
| Other income (expense) | | | | |
| Other income (expense) | (23) | (17) | (248) | (32) |
| Earnings from equity and other interests | 1,176 | 879 | 1,668 | 879 |
| Interest expense | (14,641) | (14,889) | (30,065) | (27,684) |
| Net other expense | (13,488) | (14,027) | (28,645) | (26,837) |
| Income from continuing operations | 25,305 | 18,992 | 51,153 | 27,560 |
| Income from discontinued operations | 2,100 | 368 | 2,461 | 2,407 |
| Net income | 27,405 | 19,360 | 53,614 | 29,967 |
| Net income attributable to non-controlling interests | (57) | (44) | (110) | (87) |
| Net income attributable to MPT common stockholders | \$ 27,348 | \$ 19,316 | \$ 53,504 | \$ 29,880 |
| Earnings per common share basic | | | | |
| Income from continuing operations attributable to MPT common stockholders | \$ 0.17 | \$ 0.14 | \$ 0.35 | \$ 0.21 |
| Income from discontinued operations attributable to MPT common stockholders | 0.01 | | 0.02 | 0.02 |
| Net income attributable to MPT common stockholders | \$ 0.18 | \$ 0.14 | \$ 0.37 | \$ 0.23 |
| Earnings per common share diluted | | | | |
| Income from continuing operations attributable to MPT common stockholders | \$ 0.17 | \$ 0.14 | \$ 0.34 | \$ 0.21 |
| Income from discontinued operations attributable to MPT common stockholders | 0.01 | | 0.02 | 0.02 |
| Net income attributable to MPT common stockholders | \$ 0.18 | \$ 0.14 | \$ 0.36 | \$ 0.23 |

Weighted average shares outstanding:

Edgar Filing: MEDICAL PROPERTIES TRUST INC - Form 10-Q

| | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Basic | 149,509 | 134,715 | 144,928 | 129,810 |
| Diluted | 151,056 | 134,715 | 146,291 | 129,810 |
| Dividends declared per common share | \$ 0.20 | \$ 0.20 | \$ 0.40 | \$ 0.40 |

See accompanying notes to condensed consolidated financial statements.

Table of Contents

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

| | For the Three Months Ended June 30, 2013 | For the Six Months Ended June 30, |
|----------------|---|--|
| (In thousands) | | |