

NEWS RELEASE

# Medical Properties Trust Agrees to Acquire Five General Acute Hospitals in South Florida

2021-06-23

Includes Leaseback to Steward Health Care of Facilities Valued at Approximately \$900 Million

Year-to-Date Investment Total Exceeds \$3.4 Billion

Funding Strategy Includes Substantial Proceeds from Anticipated Capital Recycling Activity

BIRMINGHAM, Ala.--(BUSINESS WIRE)--Jun. 23, 2021-- Medical Properties Trust, Inc. (the "Company" or "MPT") (NYSE: MPW) today announced that it has entered into definitive agreements to acquire for approximately \$900 million five general acute care hospitals from Tenet Healthcare ("Tenet") (NYSE: THC), in conjunction with Steward Health Care System's ("Steward") acquisition of the operations of the facilities.

The hospitals will be leased pursuant to MPT's master lease agreement with Steward, which is expected to exercise its options to extend the lease term to expire in 2041, leaving a five-year extension option remaining. The Company expects to initially fund the total cash consideration using cash on hand, as well as funds from the closing of binding property sales, proceeds from loan repayments, and funds from other anticipated capital recycling transactions with an aggregate value projected to exceed \$1 billion. Collectively, the pricing of these transactions is expected to provide an attractive cost of equity capital to fund the Florida sale-leaseback transaction and other announced investments, including MPT's recently announced agreement to acquire 18 inpatient behavioral health hospitals. The sources of financing actually used will depend upon a variety of factors, including market conditions. The Florida sale-leaseback transactions are expected to close during the second half of 2021, subject to customary closing conditions.

"We are excited to own these essential community hospitals in areas with positive demographic trends at a very

attractive yield,” said Edward K. Aldag, Jr., MPT’s Chairman, President, and CEO. “Furthermore, we have a great deal of confidence in Dr. Ralph de la Torre and the Steward team and believe that their physician-led operating model will further enhance the level of care each facility has long been providing to its local population.”

## Benefits of Transaction

- Expected to Achieve Immediate Accretion. The strong cash and GAAP returns related to the sale-leaseback transaction, along with MPT’s attractive cost of capital, are expected to result at closing in immediate improvement in per share net income and funds from operations.
- Attractive Infrastructure Hospitals with a History of Profitability and Strengthening Demographics. Located in infill locations in the Miami-Dade and Southern Broward areas, the facilities serve a dense, growing, and aging population. The facilities are familiar to local patients and physicians and are expected to provide an enhanced quality of care and level of profitability following significant planned investment by Steward in new technology, infrastructure, and physician network growth.
- Improved Portfolio Diversification. MPT’s largest individual property investment represents only 2.6% of pro forma total gross assets. In addition, with an expanded presence in Florida, none of the six distinct regional portfolios operated by Steward are projected to account for more than roughly 28% of MPT’s overall portfolio operated by Steward.

The consummation of the transaction is subject to customary closing conditions. MPT cannot give assurances that the transactions will be successfully consummated as described above or at all.

## About Medical Properties Trust, Inc.

Medical Properties Trust, Inc. is a self-advised real estate investment trust formed in 2003 to acquire and develop net-leased hospital facilities. From its inception in Birmingham, Alabama, the Company has grown to become one of the world’s largest owners of hospitals with 444 facilities and roughly 47,000 licensed beds in nine countries and across four continents on a pro forma basis. MPT’s financing model facilitates acquisitions and recapitalizations and allows operators of hospitals to unlock the value of their real estate assets to fund facility improvements, technology upgrades and other investments in operations. For more information, please visit the Company’s website at [www.medicalproptiestrust.com](http://www.medicalproptiestrust.com).

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “would”, “could”, “expect”, “intend”, “plan”, “estimate”, “target”, “anticipate”, “believe”, “objectives”, “outlook”, “guidance” or other

similar words, and include statements regarding our strategies, objectives, future expansion and development activities, and expected financial performance. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results or future events to differ materially from those expressed in or underlying such forward-looking statements, including, but not limited to: (i) the economic, political and social impact of, and uncertainty relating to, the COVID-19 pandemic, including governmental assistance to hospitals and healthcare providers, including certain of our tenants; (ii) the ability of our tenants, operators and borrowers to satisfy their obligations under their respective contractual arrangements with us, especially as a result of the adverse economic impact of the COVID-19 pandemic, and government regulation of hospitals and healthcare providers in connection with same (as further detailed in our Current Report on Form 8-K filed with the SEC on April 8, 2020); (iii) our expectations regarding annual run-rate net income and NFFO per share; (iv) our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate and integrate acquisitions and investments; (v) the nature and extent of our current and future competition; (vi) macroeconomic conditions, such as a disruption of or lack of access to the capital markets or movements in currency exchange rates; (vii) our ability to obtain debt financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities and pay down, refinance, restructure or extend our indebtedness as it becomes due; (viii) increases in our borrowing costs as a result of changes in interest rates and other factors, including the potential phasing out of LIBOR after 2021; (ix) international, national and local economic, real estate and other market conditions, which may negatively impact, among other things, the financial condition of our tenants, lenders and institutions that hold our cash balances, and may expose us to increased risks of default by these parties; (x) factors affecting the real estate industry generally or the healthcare real estate industry in particular; (xi) our ability to maintain our status as a REIT for federal and state income tax purposes; (xii) federal and state healthcare and other regulatory requirements, as well as those in the foreign jurisdictions where we own properties; (xiii) the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain equity or debt financing secured by our properties or on an unsecured basis; (xiv) the ability of our tenants and operators to comply with applicable laws, rules and regulations in the operation of the our properties, to deliver high-quality services, to attract and retain qualified personnel and to attract patients; (xv) potential environmental contingencies and other liabilities; (xvi) the closing of the Priory sale-leaseback transaction and expected operating loan repayment, the Springstone behavioral health sale-leaseback and operator investments, and the Steward South Florida sale-leaseback agreement; and (xvii) the risk that property sales, loan repayments, and other capital recycling transactions do not occur.

The risks described above are not exhaustive and additional factors could adversely affect our business and financial performance, including the risk factors discussed under the section captioned "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and as updated in our quarterly reports on Form 10-Q. Forward-looking statements are inherently uncertain and actual performance or outcomes may vary materially from any forward-looking statements and the assumptions on which those statements are based. Readers are

cautioned to not place undue reliance on forward-looking statements as predictions of future events. We disclaim any responsibility to update such forward-looking statements, which speak only as of the date on which they were made.

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Source: Medical Properties Trust, Inc.