

Medical Properties Trust Announces Acquisition of 10 LifePoint Acute Care Hospitals for \$700 Million

2019-11-05

Total Assets Grow 47% Year-to-Date

Additional Near-term Investments Anticipated

BIRMINGHAM, Ala.--(BUSINESS WIRE)--Nov. 5, 2019-- Medical Properties Trust, Inc. ("MPT" or the "Company") (NYSE:MPW) today announced that it has entered into a definitive agreement with affiliates of LifePoint Health, Inc. ("LifePoint"), one of the largest acute care operators in the United States, under which MPT will acquire the real estate assets of 10 acute care hospitals in six U.S. states for an aggregate purchase price of \$700 million and will lease the facilities back to LifePoint. LifePoint is a portfolio company of certain funds managed by affiliates of Apollo Global Management, Inc., a leading global alternative investment manager.

"This immediately and strongly accretive acquisition of well-run facilities from sophisticated operators and owners demonstrates the expanding market for hospital real estate," said Edward K. Aldag, Jr., MPT's Chairman, President and CEO. "Importantly, the transaction further solidifies our relationship with LifePoint and Apollo and is a strong indicator that interest in MPT's sale and leaseback structure continues to grow not only in the U.S. but globally," continued Aldag.

The properties will be leased under a master lease agreement with an initial term of 20 years with two five-year extension options. The transaction is expected to achieve highly attractive cash and GAAP lease rates, well within the range that MPT has achieved for recent U.S. acquisitions taking into account annual CPI-based rent escalations subject to a 2% floor. These return yields, when considered with MPT's blended cost of debt and equity capital, are expected to produce investment spreads of between 3.0% and 4.0%.

The Company expects the transaction to close in the fourth quarter of 2019 or the first quarter of 2020, subject to customary closing conditions. The Company intends to finance the acquisition through a new equity issuance, if market conditions warrant, cash balances, and borrowings under its credit facility. Subsequent to completion of permanent financing, MPT's net debt to EBITDA ratio on a pro forma basis is expected to range between 5.0 and 5.5 times.

"LifePoint is a proven operator, which we are very well acquainted with and respect for their expertise in operating hospitals in mid-sized markets. The 10 acute care hospitals that MPT is acquiring are critical to the populations they serve and have dominant market leadership positions," commented Aldag. "This investment improves our overall diversification by reducing the concentration of our largest operator relationship to 28% and our largest single facility to 2.7%, while increasing the number of U.S. states in our portfolio to 34. Even considering this large acquisition close to year-end, we are continuing to negotiate additional transactions in the U.S. and globally. Our pipeline remains robust and while there is no certainty that we will announce additional agreements during 2019, we remain confident that our near term growth will continue."

Upon closing of this transaction, MPT's portfolio will include pro forma total gross assets of almost \$14 billion representing approximately 40,000 beds in 34 U.S. states and in Germany, the United Kingdom, Switzerland, Italy, Spain and Australia.

About Medical Properties Trust, Inc.

Medical Properties Trust, Inc. is a self-advised real estate investment trust formed to acquire and develop net-leased hospital facilities. The Company'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.

The statements in this press release that are forward looking are based on current expectations and actual results or future events may differ materially. Words such as "expects," "believes," "anticipates," "intends," "will," "should" and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results of the Company or future events to differ materially from those expressed in or underlying such forward-looking statements, including without limitation: the satisfaction of all conditions to, and the timely closing (if at all) of the LifePoint transaction; annual run-rate net income and NFFO per share; the amount of acquisitions of healthcare real estate, if any; results from potential sales and joint venture arrangements, if any; capital markets conditions; estimated leverage metrics; the repayment of debt arrangements; statements concerning the additional income to the Company as a result of ownership interests in equity investments and the timing of such income; the

payment of future dividends, if any; completion of additional debt arrangements, and additional investments; national and international economic, business, real estate and other market conditions; the competitive environment in which the Company operates; the execution of the Company's business plan; financing risks; the Company's ability to maintain its status as a REIT for income tax purposes; acquisition and development risks; potential environmental and other liabilities; and other factors affecting the real estate industry generally or healthcare real estate in particular. For further discussion of the factors that could affect outcomes, please refer to the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and as updated by the Company's subsequently filed Quarterly Reports on Form 10-Q and other SEC filings. Except as otherwise required by the federal securities laws, the Company undertakes no obligation to update the information in this press release.

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