

NEWS RELEASE

Medical Properties Trust, Inc. Agrees to Sell Equity Investment in Ernest Health, Inc. to One Equity Partners

2018-05-30

Transaction to Generate Proceeds to MPT of \$175 Million for an Approximate 13% Unlevered IRR on 2012 Investment of \$96 Million

BIRMINGHAM, Ala.--(BUSINESS WIRE)--May 30, 2018-- Medical Properties Trust, Inc. ("MPT" or the "Company") (NYSE: MPW) announced today that it has entered into definitive agreements with affiliates of One Equity Partners ("OEP") to sell its interest in Ernest Health, Inc. ("Ernest"). Certain members of Ernest management also agreed to sell the remaining Ernest interests to OEP. Upon closing MPT expects its portion of proceeds to be \$175 million and to generate an approximate 13% unlevered internal rate of return on its original \$96 million investment.

"One Equity's investment in and commitment to Ernest validates the investment in Ernest we made more than six years ago," said Edward K. Aldag, Jr., MPT's Chairman, President, and Chief Executive Officer. "In addition to the high IRR from our equity investment, we have created for our shareholders an outstanding real estate portfolio of post-acute hospitals that will continue to generate strong returns. Our investment truly could not have worked out better for our shareholders."

MPT will continue to own the real estate interests of 25 post-acute hospitals operated by Ernest with an aggregate investment of approximately \$500 million, including mortgage loans aggregating \$115 million secured by four hospitals. As part of the agreements, MPT has granted Ernest an option to prepay the mortgage debt without penalty, and Ernest has granted to MPT certain preferential rights to future real estate acquisitions.

"We're excited to be investing in Ernest Health. This transaction is the result of years of work in the post-acute healthcare services market including prior opportunities in long term acute care and inpatient rehabilitation

facilities,” said Greg Belinfanti, Senior Managing Director at OEP. “The existing Ernest management team, with MPT’s support, has built a tremendous company driven by a commitment to clinical excellence and demonstrated positive patient outcomes. We plan to build on this foundation and look forward to working with Ernest and MPT leadership to accelerate Ernest’s already strong momentum.”

“Consistent with OEP’s investment strategy, we intend to support Ernest with capital to pursue further acquisition, growth and development opportunities,” said Brad Coppens, Managing Director at OEP. “Ernest has spent over 14 years building a reputation for clinical excellence and we hope to extend that reputation in partnership with health systems across the U.S.”

Proceeds will be used to reduce borrowings under MPT’s revolving credit facility. Closing of the transaction is subject to customary conditions, including certain government approvals, and is expected during the second half of 2018.

About Medical Properties Trust, Inc.

Medical Properties Trust, Inc. is a self-advised real estate investment trust formed to capitalize on the changing trends in healthcare delivery by acquiring and developing net-leased healthcare facilities. MPT’s financing model helps facilitate acquisitions and recapitalizations and allows operators of hospitals and other healthcare facilities to unlock the value of their real estate assets to fund facility improvements, technology upgrades and other investments in operations. Facilities include acute care hospitals, inpatient rehabilitation hospitals, long-term acute care hospitals, and other medical and surgical facilities. For more information, please visit the Company’s website at www.medicalpropertytrust.com.

About One Equity Partners

OEP is a middle-market private equity firm with approximately \$7 billion of assets under management focused on the industrial, healthcare, and technology sectors in North America and Europe. The firm builds market-leading companies by identifying and executing transformative business combinations. OEP is a trusted partner with a differentiated investment process, a broad and senior team, and an established track record generating long-term value for its partners. Since 2001, the firm has completed more than 170 transactions worldwide. OEP, founded in 2001, spun out of JP Morgan in 2015. The firm has offices in New York, Chicago, and Frankfurt. For more information, please visit www.oneequity.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 pending transactions; 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 certain hospital operations 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, 2017 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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Source: Medical Properties Trust, Inc.

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