

Medical Properties Trust, Inc. Describes Plans for Restructuring of Adeptus Health, Inc. Leases

2017-04-04

Deerfield Management Company L.P. Managed Funds to Recapitalize Adeptus and MPT Master Leases to be Assumed

Louisiana Facilities Re-Leased Directly to Ochsner Clinic Foundation

BIRMINGHAM, Ala.--(BUSINESS WIRE)--Apr. 4, 2017-- Medical Properties Trust, Inc. (NYSE: MPW) announced today that its operating partnership, MPT Operating Partnership, L.P. ("MPT" or the "Company") on behalf of itself and certain of its affiliates has agreed in principle with Deerfield Management Company, L.P. on behalf of itself and certain affiliates (collectively, "Deerfield") to the restructuring in bankruptcy of Adeptus Health, Inc., including the assumption of MPT's master leases of facilities in Texas, Colorado, Arizona and Ohio.

Deerfield, a premier healthcare-only investment firm with over \$8.0 billion under management, has purchased Adeptus' outstanding bank debt and expects to provide additional financing, along with operational and managerial support, to Adeptus pursuant to an anticipated Chapter 11 bankruptcy process. The agreement between MPT and Deerfield provides for the pre-bankruptcy payment of 100% of April rent, assumption of approximately 80% of the master leased facilities at current rental rates, re-leasing of approximately 5% of the facilities to the former Louisiana venture partner and the sale or re-leasing of certain Texas facilities to new operators. MPT will provide a one-time rental credit of approximately \$3.1 million during the 12 months commencing upon bankruptcy exit.

"We are very pleased, but not surprised, at the number of sophisticated and well capitalized investors and operators that have been attracted to our market-dominant portfolio of free-standing emergency facilities," said Edward K. Aldag, Jr., MPT's Chairman, President and Chief Executive. "These investors, and particularly the Deerfield team, recognize the improvements to patient care and outcomes and the lower overall costs that free standing

emergency facilities provide to market-dominant hospital systems. Our unique master lease structure, specialized underwriting knowledge and industry foresight equipped MPT to achieve the outstanding results that we expect from this agreement: we will fully receive our April rent; during the restructuring we will continue to be fully paid our contractual rent for all facilities; and upon completion of the restructuring there will be no further rental or other concessions on the leases assumed.”

The Company simultaneously announced that, in cooperation with Adeptus, MPT’s Louisiana free standing emergency facilities (with a total budgeted investment of up to approximately \$24.0 million) have been re-leased to Ochsner Clinic Foundation, the preeminent health care system in the New Orleans area. The Ochsner leases provide for 15-year initial terms with a 9.2% average minimum lease rate based on MPT’s total development and construction cost; Ochsner has certain purchase options during the lease term based generally on the greater of MPT’s total development cost and fair value.

MPT expects to re-lease or sell certain Texas facilities (“Transitional Facilities”) representing approximately 15% of the total existing Adeptus master lease value. These transitions are expected to be completed by the fourth quarter of 2018 and Adeptus will continue to pay contractual rent until the earlier of (a) transition to a new operator is complete or (b) an agreed future date. The agreed future date for approximately 60 percent of the Transitional Facilities is one year following bankruptcy exit and the remainder Transitional Facilities have agreed future dates of 90 days post-bankruptcy exit.

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 allows hospitals and other healthcare facilities to unlock the value of their underlying real estate in order to fund facility improvements, technology upgrades, staff additions and new construction. 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.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 execution of definitive documentation; approval of the restructuring by court authorities; the amount of rent concession to Adeptus Health, Inc.; the time it takes to sell or re-lease the Texas facilities; the amount of losses, if any, from our investments in or rental income from the

Adeptus Health facilities, 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, 2016, 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.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20170404005882/en/>

Source: Medical Properties Trust, Inc.

Medical Properties Trust, Inc.

Tim Berryman, 205-397-8589

Director – Investor Relations

tberryman@medicalproptiestrust.com