

Medical Properties Trust Updates Capital Allocation Strategy to Further Enhance Long-Term Value Creation

August 21, 2023

Adjusts Quarterly Dividend to Better Align with the Company's Cash Flow Profile Following Asset Divestitures

Announces Actions to Strengthen Balance Sheet and Accelerate Deleveraging

BIRMINGHAM, Ala.--(BUSINESS WIRE)--Aug. 21, 2023-- Medical Properties Trust, Inc. (the "Company" or "MPT") (NYSE: MPW) today announced that its Board of Directors has adopted an updated capital allocation strategy designed to significantly strengthen its balance sheet, lower its cost of capital, and position MPT for long-term shareholder value creation.

This refreshed strategy prioritizes actions to expedite debt reduction, while continuing to return substantial cash to shareholders. MPT's Board and management team believe this prudent capital allocation approach will result in sustainable improvements to long-term unsecured borrowing costs.

Over the past eighteen months, MPT has completed several transactions that have resulted in lower adjusted funds from operations ("AFFO"), including its partnership with Macquarie Asset Management for eight Massachusetts hospitals, Prime Healthcare's repurchase of 14 facilities, and the sale of seven Australian hospitals. The Company has also announced several transactions expected to close in the second half of 2023, including the sale of its Connecticut hospitals to Yale New Haven Health for approximately \$355 million and the remainder of its Australian portfolio for approximately \$300 million. In aggregate these transactions, while profitable, reduce the Company's leased assets by approximately \$2.5 billion.

To better align with the revised cash flow profile resulting from these transactions and facilitate accelerated debt reduction, the Company is taking the following actions:

- **Declaring a quarterly cash dividend of \$0.15 per diluted share**, which will be paid on October 12 to shareholders of record as of September 14. In setting this new dividend level, the Board has carefully considered the dilutive effects of recent and pending dispositions and recapitalization transactions, while targeting an initial payout of projected near-term AFFO of less than 60%. Importantly, only anticipated cash rent scheduled to be paid on Prospect's California leased hospitals is included in this estimate.
- **Pursuing selective additional transactions that reinforce underwritten asset values.** MPT will continue exploring refinancing, sales, and joint-venture opportunities that enable repayment of debt, while maintaining a diversified portfolio in terms of geography, asset type, and tenant mix. In addition, the Company has identified certain non-leased and non-real estate assets to be sold.
- **Reducing costs.** MPT plans to scale back discretionary operating expenses and other costs for better alignment with the reduction of both its asset base and its near-term acquisition activities.

"With this refreshed capital allocation framework, we believe MPT will be even better positioned to deliver long-term value through our profitable investments in hospital real estate," said Edward K. Aldag, Jr., Chairman, President and CEO. "As we made clear during our recent quarterly earnings update, our focus is squarely on reducing leverage and improving our long-term cost of debt and equity capital. Our Board is confident these decisive steps will facilitate achievement of our target leverage ratios and create significant strategic and financial flexibility."

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 hospital real estate with 444 facilities and approximately 44,000 licensed beds in ten countries and across four continents. 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.medicalpropertystrust.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, potential impact from health crises (like COVID-19); (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 guidance for 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; (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 operate profitably and generate positive cash flow, comply with applicable laws, rules and regulations in the operation of 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 risk that the expected sale of three Connecticut hospitals currently leased to Prospect does not occur; (xvii) the risk that MPT's expected sale of its remaining Australian portfolio does not occur; (xviii) the risk that MPT is unable to monetize its investment in PHP at full value within a reasonable time period or at all; (xix) the risk that other property sales, loan repayments, and other capital recycling transactions do not occur; (xx) the risk that MPT is not able to attain its leverage, liquidity and cost of capital objectives within a reasonable time period or at all; and (xxi) the risks and uncertainties of litigation.

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, 2022 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.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20230820866631/en/): <https://www.businesswire.com/news/home/20230820866631/en/>

Drew Babin, CFA, CMA
Senior Managing Director of Corporate Communications
Medical Properties Trust, Inc.
(646) 884-9809
dbabin@medicalpropiertiestrust.com

Source: Medical Properties Trust, Inc.